

State of Arizona  
Senate  
Forty-fifth Legislature  
First Regular Session  
2001

CHAPTER 205

# SENATE BILL 1366

AN ACT

AMENDING SECTIONS 6-1401, 13-3714, 13-3885, 20-106, 20-157, 20-167, 20-229, 20-232, 20-266 AND 20-267, ARIZONA REVISED STATUTES; REPEALING TITLE 20, CHAPTER 2, ARTICLE 3, ARIZONA REVISED STATUTES; AMENDING TITLE 20, CHAPTER 2, ARIZONA REVISED STATUTES, BY ADDING NEW ARTICLES 3, 3.1, 3.2, 3.3 AND 3.4; AMENDING SECTIONS 20-401.07, 20-402, 20-408, 20-409, 20-411, 20-411.01, 20-411.02, 20-412, 20-414, 20-415, 20-418, 20-420, 20-422, 20-451, 20-452, 20-457, 20-458, 20-460, 20-463, 20-465, 20-467, 20-471, 20-1561, 20-1583, 20-2901, 20-3001, 28-450, 32-1004 AND 41-624, ARIZONA REVISED STATUTES; RELATING TO INSURANCE PRODUCER LICENSING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 6-1401, Arizona Revised Statutes, is amended to read:

6-1401. Definitions

In this chapter, unless the context otherwise requires:

~~1. "Agent" has the same meaning as defined by section 20-282.~~

~~2. 1. "Branch office" means any place of business maintained by a licensee in addition to the principal place of business of a licensee.~~

~~3. "Broker" has the same meaning as defined by section 20-283.~~

~~4. 2. "Insured" means any person covered under an insurance contract or other evidence of insurance coverage subject to regulation under title 20.~~

~~5. 3. "Insurer" has the same meaning as defined by section 20-104.~~

~~6. 4. "Managing general agent" has the same meaning as defined by PRESCRIBED IN section 20-284 20-311.~~

~~7. 5. "Premium finance agreement" means a written agreement by which an insured or prospective insured agrees to pay to a premium finance company the amount advanced or to be advanced under the written agreement to an insurer or to an agent or broker INSURANCE PRODUCER in payment of premiums of an insurance contract together with interest or discount and a service charge as authorized and limited by this article.~~

~~8. 6. "Premium finance company" means a person engaged in whole or in part in the business of financing insurance premiums, entering into premium finance agreements with insureds or otherwise acquiring premium finance agreements from insurers, agents, brokers, managing general agents INSURANCE PRODUCERS or other premium finance companies.~~

Sec. 2. Section 13-3714, Arizona Revised Statutes, is amended to read:

13-3714. Aggravated or multiple violations of insurance code; classification

A person who:

~~1. knowingly performs any acts ACT FOR which the person is required to be licensed under title 20, chapter 2, article 3, 3.1, 3.2, 3.3 OR 3.4 to lawfully perform; and~~

~~2. THE PERSON has been previously:~~

~~(a) licensed pursuant to title 20, chapter 2, article 3, 3.1, 3.2, 3.3 OR 3.4, but whose license was suspended or revoked at the time of the act; or~~

~~(b) HAS BEEN convicted of violating any provision of title 20, chapter 2, article 3, 3.1, 3.2, 3.3 OR 3.4, and who is not licensed at the time of the act, is guilty of a class 5 felony.~~

Sec. 3. Section 13-3885, Arizona Revised Statutes, is amended to read:

13-3885. Arrest of principal by surety; prohibited conduct; violation; classification; definitions

A. For the purpose of surrendering the defendant, a surety on the bail bond of a defendant may arrest the defendant before the forfeiture of the undertaking or, by written authority attached to a certified copy of the

1 undertaking, may empower a bail recovery agent or a bail bond agent as  
2 defined in section ~~20-282.01~~ 20-341 to arrest the defendant.

3 B. A bail recovery agent or a bail bond agent shall not do any of the  
4 following:

5 1. Enter an occupied residential structure without the consent of the  
6 occupants who are present at the time of the entry.

7 2. Conduct A bail recovery arrest or apprehension without written  
8 authorization from a bail bond agent licensed in Arizona.

9 3. Wear, carry or display any uniform, badge, shield or other insignia  
10 or emblem that implies that the bail recovery agent is an employee, officer  
11 or agent of this state, a political subdivision of this state or the federal  
12 government. A bail recovery agent may display identification that indicates  
13 the agent's status as a bail recovery agent only.

14 4. Authorize or allow any third party bail recovery agent to undertake  
15 an apprehension or arrest if the bail recovery agent has been convicted in  
16 any jurisdiction of theft or of any felony or any crime involving carrying  
17 or the illegal use or possession of a deadly weapon or dangerous instrument.

18 C. The surety or bail bond agent employing, hiring as an independent  
19 contractor or otherwise utilizing a bail recovery agent shall advise the  
20 department of insurance in writing that the bail recovery agent is providing  
21 the services to the surety or bail bond agent on a given case or cases. The  
22 written notice to the department of insurance must be given within  
23 twenty-four hours after the retention and shall include the name, date of  
24 birth, home and business address, ADDRESSES and telephone number of the bail  
25 recovery agent. The bail recovery agent identified in the written notice  
26 shall certify on the written notice, under penalty of perjury, that the bail  
27 recovery agent has never been convicted in any jurisdiction of theft or of  
28 any felony or any crime involving carrying or the illegal use or possession  
29 of a deadly weapon or dangerous instrument and that the bail recovery agent  
30 has complied with section ~~20-323~~ 20-341.04.

31 D. Bail bond agents shall provide an annual report to the department  
32 of insurance listing all bail recovery agents employed, hired as independent  
33 contractors or otherwise utilized by the bail bond agent during the year.  
34 This report shall certify that all employees of the bail bond agent have met  
35 the requirements prescribed in section ~~20-321~~ 20-341.03 and that all bail  
36 recovery agents have complied with section ~~20-323~~ 20-341.04. The report  
37 shall include the name, home and business address ADDRESSES, date of birth,  
38 telephone number, and a two-inch wide by three-inch high photograph of the  
39 face of each person identified in the report.

40 E. To satisfy the requirements of this section, a bail bond agent who  
41 is licensed in another state but is not licensed in this state shall contract  
42 with a bail bond agent licensed in this state to retain the services of a  
43 bail recovery agent in this state.

1 F. Any person who violates subsection B or E of this section is guilty  
2 of a class 5 felony. Any person who violates subsection C or D of this  
3 section is subject to the provisions of section ~~20-316~~ 20-295.

4 G. For the purposes of this section:

5 1. "Bail bond agent" has the SAME meaning prescribed in section  
6 20-282.01.

7 2. "Bail recovery agent" means any person who has never been convicted  
8 in any jurisdiction of theft or of a felony or any crime involving carrying  
9 or the illegal use or possession of a deadly weapon or dangerous instrument  
10 and who is employed or hired as an independent contractor or otherwise  
11 utilized by a bail bond agent to assist the bail bond agent in presenting a  
12 defendant in court when required, in apprehending a defendant and  
13 surrendering the defendant to a court or in keeping a defendant under  
14 necessary surveillance. Bail recovery agent does not include an attorney or  
15 law enforcement officer who acts in an official capacity and who assists a  
16 bail bond agent in the bail bond agent's business.

17 3. "Occupied residential structure" means an edifice of a type that  
18 is generally used to house human beings.

19 Sec. 4. Section 20-106, Arizona Revised Statutes, is amended to read:

20 20-106. Acts constituting the transaction of business;

21 definition

22 A. "Transact" with respect to insurance includes any of the following:

23 1. Solicitation and inducement.

24 2. Preliminary negotiations.

25 3. Effectuation of a contract of insurance.

26 4. Transaction of matters subsequent to effectuation of the contract  
27 and arising out of it.

28 B. Any of the following acts in this state effected by mail or  
29 otherwise, by or on behalf of an unauthorized insurer, is deemed to  
30 constitute the transaction of an insurance business in this state:

31 1. The making of or proposing to make, as an insurer, an insurance  
32 contract.

33 2. The making of or proposing to make, as guarantor or surety, any  
34 contract of guaranty or suretyship as a vocation and not merely incidental  
35 to any other legitimate business or activity of the guarantor or surety.

36 3. The taking or receiving of any application for insurance.

37 4. The receiving or collection of any premium, commission, membership  
38 fees, assessments, dues or other consideration for any insurance or any part  
39 thereof.

40 5. The issuance or delivery of contracts of insurance to residents of  
41 this state or to persons authorized to do business in this state.

42 6. Directly or indirectly acting as an INSURANCE PRODUCER OR agent for  
43 or otherwise representing or aiding on behalf of another any person or  
44 insurer in the solicitation, negotiation, procurement or effectuation of  
45 insurance or renewals thereof or in the dissemination of information as to

1 coverage or rates, or forwarding of applications, or delivery of policies or  
2 contracts, or inspection of risks, a fixing of rates or investigation or  
3 adjustment of claims or losses or in the transaction of matters subsequent  
4 to effectuation of the contract and arising out of it, or in any other manner  
5 representing or assisting a person or insurer in the transaction of insurance  
6 with respect to subjects of insurance resident, located or to be performed  
7 in this state. The provisions of this subsection PARAGRAPH shall not operate  
8 to prohibit full-time salaried employees of a corporate insured from acting  
9 in the capacity of an insurance manager or buyer in placing insurance in  
10 behalf of such employer.

11 7. The transaction of any kind of insurance business specifically  
12 recognized as transacting an insurance business within the meaning of the  
13 statutes relating to insurance.

14 8. The transacting or proposing to transact any insurance business in  
15 substance equivalent to any provisions as provided in paragraphs 1 to THROUGH  
16 7, inclusive, of this section SUBSECTION in a manner designed to evade the  
17 laws of this state.

18 C. In this section, unless the context otherwise requires, the term  
19 "insurer" includes all corporations, associations, partnerships and  
20 individuals, engaged as principals in the business of insurance and also  
21 includes interinsurance exchanges and mutual benefit societies.

22 Sec. 5. Section 20-157, Arizona Revised Statutes, is amended to read:

23 20-157. Access and powers relating to insurers' records

24 A. Every person being examined; AND its officers, employees, agents  
25 and representatives shall produce and make freely accessible to the director  
26 or his THE DIRECTOR'S examiners the accounts, records, documents, files,  
27 assets and matters in his THE PERSON'S possession or control relating to the  
28 subject of the examination.

29 B. If the director finds accounts to be inadequate, or improperly kept  
30 or posted, he THE DIRECTOR may employ experts to rewrite, post or balance  
31 them at the expense of the person being examined if such THE person has  
32 failed FAILS to complete or correct such THE accounting after the director  
33 has given him THE PERSON notice and a reasonable opportunity to do so.

34 C. If the director deems it necessary to value any real estate  
35 involved in any examination, he THE DIRECTOR may employ one or more competent  
36 appraisers for the purpose, and. The reasonable expense thereof shall be OF  
37 THE APPRAISAL IS a part of the cost of examination to be borne by the person  
38 being examined.

39 D. Any insurer, ~~agent or broker~~ OR OTHER PERSON LICENSED UNDER THIS  
40 TITLE may cause its accounts, records, documents and files described in  
41 subsection A of this section to be created, recorded, copied or reproduced  
42 by any photographic, photostatic, microfilm, microcard, miniature  
43 photographic, optical disk, electronic imaging, electronic data processing,  
44 electronically transmitted facsimile, printout or reproduction of  
45 electronically stored data or other process which THAT accurately reproduces

or forms a durable medium for storing the account, record, document or file. If the items so stored are not the original, the original may be destroyed unless held in a custodial or fiduciary capacity, but only if the data is easily accessible to the department in readable form and readable reproduced copies are obtainable. A record so stored is admissible in evidence as the original in any judicial or administrative proceeding whether the original is in existence or not. The introduction of a reproduced record does not preclude admission of the original. This shall not be construed to exclude from evidence any document or copy thereof ~~which~~ THAT is otherwise admissible under the rules of evidence.

Sec. 6. Section 20-167, Arizona Revised Statutes, is amended to read:

20-167. Fees

A. The director shall collect in advance the following fees, which, ~~subsequent to issuance of a receipt evidencing any~~ ARE NONREFUNDABLE ON payment, ~~shall not be refunded by the director:~~

Not Less Than:      Not More Than:

1. For filing charter documents:

(a) Original charter documents,  
articles of incorporation,  
bylaws, or record of organization  
of insurers, or certified copies  
thereof, required to be filed with  
the director and not also subject  
to filing in the office of the  
corporation commission

\$	25.00	\$	75.00
	10.00		30.00

(b) Amended charter documents

(c) No charge or fee shall be required  
for filing with the director any  
of such documents also required  
by law to be filed in the office  
of the corporation commission.

2. Certificate of authority:

(a) Issuance:

Fraternal benefit societies	\$	10.00	\$	30.00
Medical or hospital service corporations, or domestic benefit insurers		25.00		75.00
All other insurers		65.00		195.00

(b) Renewal:

Fraternal benefit societies, or domestic benefit insurers		10.00		30.00
Medical or hospital service corporations		25.00		75.00
Domestic stock life and disability insurers only or either		500.00		1,500.00

1	Domestic life and disability		
2	reinsurer only or either	\$1,500.00	\$4,500.00
3	All other insurers	45.00	135.00
4	3. Filing annual statement	100.00	300.00
5	4. Licenses and examinations:		
6	(a) Licenses:		
7	Surplus lines broker's license,		
8	biennially	200.00	600.00
9	All other licenses, biennially	20.00	60.00
10	(b) Examinations for license, <del>agents</del>		
11	<del>and brokers:</del>		
12	Examination on laws and one kind		
13	of insurance	5.00	15.00
14	Examination on laws and two or		
15	more kinds of insurance	10.00	30.00
16	5. Miscellaneous:		
17	Fee accompanying service of		
18	process upon director	\$ 5.00	\$ 15.00
19	Certificate of director, under seal	1.00	3.00
20	Copy of document filed in director's		
21	office, per page	0.50	1.50

22 B. The director shall deposit, pursuant to sections 35-146 and 35-147,  
 23 all fees for licenses so collected in the state general fund. No refund  
 24 shall be allowed for any unused portion of a fee nor shall fees be prorated,  
 25 except that the fee for an initial license if applied for in the second half  
 26 of the biennial term shall not exceed one-half of the license fee.

27 C. The license fees prescribed by this section shall be payment in  
 28 full of all demands for any and all state, county, district and municipal  
 29 license fees, license taxes, business privilege taxes and business privilege  
 30 fees and charges of every kind.

31 D. Each domestic stock life and OR disability insurer only or either,  
 32 which THAT pays the renewal fee required under the provisions of subsection  
 33 A of this section, shall be entitled to a credit in the amount of four  
 34 hundred fifty-five dollars to apply to the premium tax THE INSURER then owed  
 35 by such company OWES pursuant to the provisions of section 20-224, but such  
 36 THE credit shall not be cumulative.

37 E. Each domestic life and disability reinsurer only or either, which  
 38 pays the renewal fee required under the provisions of subsection A of this  
 39 section, shall be entitled to a credit in the amount of fourteen hundred  
 40 fifty-five dollars to apply to the premium tax then owed by such company  
 41 pursuant to the provisions of section 20-224, but such credit shall not be  
 42 cumulative.

43 F. The director may contract for the examination for the licensing of  
 44 adjusters, ~~agents, brokers~~ INSURANCE PRODUCERS, BAIL BOND AGENTS, RISK  
 45 MANAGEMENT CONSULTANTS and surplus lines brokers. When the director does so,

1 the fee for examinations for licenses pursuant to this section shall be  
2 payable directly to the contractor by the applicant for examination. The  
3 director may agree to a reasonable examination fee to be charged by the  
4 contractor. Such fee may exceed the amounts prescribed in subsection A,  
5 paragraph 4, subdivision (b) of this section.

6 G. ~~Beginning July 1, 1986 and every~~ EACH year thereafter, if the  
7 revenue collected from fees for the prior calendar year is less than  
8 ninety-five per cent or more than one hundred ten per cent of the  
9 appropriated budget for the beginning fiscal year, the director shall revise  
10 the fees within the limits prescribed by subsection A of this section on a  
11 uniform percentage basis among all fee categories and shall adjust the  
12 credits prescribed by subsections D and E of this section as necessary in  
13 order to retain any required uniformity. Fees shall be revised in such a  
14 manner that the revenue derived from the fees equals at least ninety-five per  
15 cent but not more than one hundred ten per cent of the appropriated budget  
16 for the beginning fiscal year, and such revised fee schedule shall be  
17 effective July 1 of the subsequent year.

18 H. The director may contract with a voluntary domestic organization  
19 of surplus lines brokers to perform any transaction prescribed in chapter 2,  
20 article 5 of this title, including the acceptance or maintenance of the  
21 reports required by section 20-408. The director may allow the contractor  
22 to charge a stamping fee. The surplus lines broker shall pay the stamping  
23 fee established pursuant to this section directly to the contractor.

24 I. For the purposes of subsection H of this section, "stamping fee"  
25 means a reasonable filing fee charged by a contractor for any transaction  
26 prescribed in chapter 2, article 5 of this title, including the acceptance  
27 or maintenance of the reports required by section 20-408.

28 Sec. 7. Section 20-229, Arizona Revised Statutes, is amended to read:

29 20-229. Countersignature of insurance producer; exceptions

30 A. ~~No~~ AN authorized insurer shall NOT issue a policy covering a  
31 subject of insurance resident, located, ~~or to be performed in this state~~  
32 unless the policy or countersignature endorsement attached thereto TO THE  
33 POLICY is countersigned by its licensed service representative, INSURANCE  
34 PRODUCER, BAIL BOND AGENT OR managing general agent or licensed agent, AS  
35 APPLICABLE.

36 B. ~~A licensed agent, broker, service representative or managing~~  
37 ~~general agent who is a legal resident of this state shall countersign all~~  
38 ~~policies or contracts for insurance solicited by a nonresident agent or~~  
39 ~~broker in this state if the state of residence of the nonresident agent or~~  
40 ~~broker requires a countersignature on policies or contracts solicited by~~  
41 ~~residents of this state.~~

42 C. B. Subsections SUBSECTION A and B shall OF THIS SECTION DOES not  
43 apply to:

44 1. Reinsurance, ~~or life, disability or title insurances~~ INSURANCE.



1           2. Insurance of the rolling stock, vessels or aircraft of any common  
2 carrier in interstate or foreign commerce, or of any vehicle principally  
3 garaged and used in another state or covering any liability or other risks  
4 incident to the ownership, maintenance or operation thereof.

5           3. Insurance of property in the course of transportation interstate  
6 or in foreign trade, or any liability or risk incident thereto.

7           4. Insurance of ocean marine risks.

8           5. Policies issued through salaried ~~agents~~ INSURANCE PRODUCERS or  
9 issued by insurers not using ~~agents~~ INSURANCE PRODUCERS in the  
10 general solicitation of business.

11          6. Bid bonds issued by any surety insurer in connection with any  
12 public or private contracts.

13          7. POLICIES ISSUED BY A VENDING MACHINE PURSUANT TO SECTION 20-293.

14          ~~D.~~ C. A violation of this section shall not invalidate the policy.

15          ~~E.~~ D. The countersignature that is required under ~~subsections~~  
16 ~~SUBSECTION A or B~~ OF THIS SECTION may be made by a facsimile signature or  
17 other printed or reproduced signature and shall be presumed to be the  
18 authorized signature of the person.

19          Sec. 8. Section 20-232, Arizona Revised Statutes, is amended to read:

20          20-232. Junior achievement program; exemption from licensure

21          An authorized insurer may sponsor the formation of a junior achievement  
22 program approved by the director. A student participating in the program is  
23 not an ~~agent~~ INSURANCE PRODUCER as defined under ~~IN~~ section ~~20-282~~ 20-281 and  
24 is not subject to licensure under article 3 of this chapter if the student  
25 operates under the direct supervision of a licensed life and disability ~~agent~~  
26 INSURANCE PRODUCER.

27          Sec. 9. Section 20-266, Arizona Revised Statutes, is amended to read:

28          20-266. Minimum liability policy; availability

29          An insurer writing or an ~~agent or broker~~ INSURANCE PRODUCER soliciting  
30 applications for motor vehicle liability policies that insure six or fewer  
31 motor vehicles shall make available a policy for the mandatory minimum motor  
32 vehicle liability limits as prescribed in section 28-4009 if requested by a  
33 named insured or an applicant who meets the underwriting criteria of the  
34 insurer.

35          Sec. 10. Section 20-267, Arizona Revised Statutes, is amended to read:

36          20-267. Motor vehicle liability policies; monthly basis; fee

37          A. An insurer writing or an ~~agent or broker~~ INSURANCE PRODUCER  
38 soliciting applications for motor vehicle liability policies shall make  
39 available a monthly premium payment plan on policies that insure six or fewer  
40 motor vehicles.

41          B. At the inception of a monthly premium payment plan, an insurer may  
42 not require an insured to pay more than an amount equal to one and one-half  
43 times the monthly premium in addition to the first month's premium. Premiums  
44 for each month of coverage collected thereafter under a monthly premium  
45 payment plan may be due and payable not more than thirty days before the

1 month of coverage related to that premium. An insurer may cancel or fail to  
2 renew a policy for nonpayment of premium, except that a cancellation or  
3 nonrenewal is not effective until the requirements of sections 20-1632 and  
4 20-1632.01 are met.

5 C. An insurer, ~~agent or broker~~ OR INSURANCE PRODUCER may charge a fee  
6 pursuant to section 20-465 that is reasonably related to the administrative  
7 expenses of the monthly premium payment plan.

8 D. An insurer, ~~agent or broker~~ OR INSURANCE PRODUCER may use a premium  
9 finance company to meet the requirements of this section. In financing the  
10 monthly premium payment plan, at the inception of a premium finance  
11 agreement, a premium finance company may not require an insured to pay more  
12 than an amount equal to one and one-half times the monthly premium and the  
13 first month's premium. Payments collected thereafter under the premium  
14 finance agreement may be due and payable not more than every thirty days  
15 until the premium finance agreement is satisfied. A premium finance company  
16 may cancel a premium finance agreement for nonpayment pursuant to section  
17 6-1415.

18 Sec. 11. Repeal

19 Title 20, chapter 2, article 3, Arizona Revised Statutes, is repealed.

20 Sec. 12. Title 20, chapter 2, Arizona Revised Statutes, is amended by  
21 adding a new article 3, to read:

22 ARTICLE 3. INSURANCE PRODUCER LICENSING

23 20-281. Definitions

24 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

25 1. "BUSINESS ENTITY" MEANS ANY CORPORATION, ASSOCIATION, PARTNERSHIP,  
26 LIMITED LIABILITY COMPANY, LIMITED LIABILITY PARTNERSHIP OR OTHER LEGAL  
27 ENTITY EXCEPT AN INDIVIDUAL OR SOLE PROPRIETORSHIP.

28 2. "DESIGNATED PRODUCER" MEANS THE INDIVIDUAL INSURANCE PRODUCER THAT  
29 A BUSINESS ENTITY DESIGNATES PURSUANT TO SECTION 20-285, SUBSECTION D,  
30 PARAGRAPH 3 AS THE INDIVIDUAL RESPONSIBLE FOR THE BUSINESS ENTITY'S  
31 COMPLIANCE WITH THE INSURANCE LAWS OF THIS STATE.

32 3. "HEALTH OR SICKNESS INSURANCE" MEANS DISABILITY INSURANCE AS  
33 DEFINED IN SECTION 20-253.

34 4. "HOME STATE" MEANS THE DISTRICT OF COLUMBIA AND ANY STATE OR  
35 TERRITORY OF THE UNITED STATES IN WHICH:

36 (a) AN INDIVIDUAL INSURANCE PRODUCER MAINTAINS A PRINCIPAL PLACE OF  
37 RESIDENCE OR PRINCIPAL PLACE OF BUSINESS AND IS LICENSED TO ACT AS A RESIDENT  
38 INSURANCE PRODUCER.

39 (b) A BUSINESS ENTITY INSURANCE PRODUCER MAINTAINS ITS PRINCIPAL PLACE  
40 OF BUSINESS AND IS LICENSED TO ACT AS A RESIDENT INSURANCE PRODUCER.

41 5. "INSURANCE PRODUCER" MEANS A PERSON REQUIRED TO BE LICENSED UNDER  
42 THIS ARTICLE TO SELL, SOLICIT OR NEGOTIATE INSURANCE.

43 6. "LIMITED LINE CREDIT INSURANCE" MEANS ANY FORM OF INSURANCE THAT  
44 IS OFFERED IN CONNECTION WITH AN EXTENSION OF CREDIT AND THAT IS LIMITED TO  
45 PARTIALLY OR WHOLLY EXTINGUISHING THAT CREDIT OBLIGATION, INCLUDING CREDIT

1 LIFE, CREDIT DISABILITY, CREDIT PROPERTY, CREDIT UNEMPLOYMENT, INVOLUNTARY  
2 UNEMPLOYMENT, MORTGAGE LIFE, MORTGAGE GUARANTY, MORTGAGE DISABILITY,  
3 GUARANTEED ASSET OR AUTOMOBILE PROTECTION INSURANCE AND ANY OTHER FORM OF  
4 INSURANCE THAT IS OFFERED IN CONNECTION WITH AN EXTENSION OF CREDIT, THAT IS  
5 LIMITED TO PARTIALLY OR WHOLLY EXTINGUISHING THAT CREDIT OBLIGATION AND THAT  
6 THE DIRECTOR DETERMINES SHOULD BE DESIGNATED A FORM OF LIMITED LINE CREDIT  
7 INSURANCE.

8 7. "LIMITED LINE INSURANCE" MEANS LIMITED LINE CREDIT INSURANCE,  
9 TRAVEL ACCIDENT TICKET AND BAGGAGE INSURANCE AND ANY OTHER LINE OF INSURANCE  
10 THAT THE DIRECTOR DEEMS NECESSARY TO RECOGNIZE FOR THE PURPOSES OF COMPLYING  
11 WITH SECTION 20-287, SUBSECTION C, PARAGRAPH 2.

12 8. "MAJOR LINE INSURANCE" MEANS LIFE INSURANCE, ACCIDENT AND HEALTH  
13 OR SICKNESS INSURANCE, PROPERTY INSURANCE, CASUALTY INSURANCE AND VARIABLE  
14 INSURANCE CONTRACTS, AS DESCRIBED IN SECTION 20-286.

15 9. "MEMBER" MEANS, IF USED IN REFERENCE TO A BUSINESS ENTITY, A PERSON  
16 THAT HOLDS AN OWNERSHIP INTEREST IN THE BUSINESS ENTITY, EXCLUDING ANY  
17 INTEREST IN PUBLICLY TRADED SECURITIES AND ANY INTEREST OF LESS THAN TEN PER  
18 CENT OF THE VOTING RIGHTS.

19 10. "NEGOTIATE" MEANS THE ACT OF CONFERRING DIRECTLY WITH OR OFFERING  
20 ADVICE DIRECTLY TO A PURCHASER OR PROSPECTIVE PURCHASER OF A PARTICULAR  
21 CONTRACT OF INSURANCE CONCERNING ANY OF THE SUBSTANTIVE BENEFITS, TERMS OR  
22 CONDITIONS OF THE CONTRACT IF THE PERSON ENGAGED IN THAT ACT EITHER SELLS  
23 INSURANCE OR OBTAINS INSURANCE FROM INSURERS FOR PURCHASERS.

24 11. "NONRESIDENT" MEANS A PERSON WHOSE HOME STATE IS NOT ARIZONA.

25 12. "PERSON" MEANS AN INDIVIDUAL OR A BUSINESS ENTITY.

26 13. "RESIDENT" MEANS A PERSON WHOSE HOME STATE IS ARIZONA AND WHO DOES  
27 NOT HOLD A RESIDENT INSURANCE PRODUCER LICENSE IN ANOTHER STATE OR TERRITORY  
28 OF THE UNITED STATES OR IN THE DISTRICT OF COLUMBIA.

29 14. "SELL" MEANS TO EXCHANGE A CONTRACT OF INSURANCE BY ANY MEANS, FOR  
30 MONEY OR ITS EQUIVALENT, ON BEHALF OF AN INSURER.

31 15. "SOLICIT" MEANS ATTEMPTING TO SELL INSURANCE OR ASKING OR URGING  
32 A PERSON TO APPLY FOR A PARTICULAR KIND OF INSURANCE FROM A PARTICULAR  
33 COMPANY.

34 16. "TRAVEL ACCIDENT TICKET AND BAGGAGE INSURANCE PRODUCER" MEANS A  
35 TICKET SELLING AGENT OR OTHER REPRESENTATIVE OF A COMMON CARRIER WHO SOLICITS  
36 OR SELLS ONLY OVER-THE-COUNTER, SHORT-TERM, NONRENEWABLE TRAVEL ACCIDENT,  
37 TICKET AND BAGGAGE INSURANCE.

38 20-282. License required

39 A PERSON SHALL NOT SELL, SOLICIT OR NEGOTIATE INSURANCE IN THIS STATE  
40 FOR ANY CLASS OR CLASSES OF INSURANCE UNLESS THE PERSON IS LICENSED FOR THAT  
41 LINE OF AUTHORITY IN ACCORDANCE WITH THIS ARTICLE.

42 20-283. Exceptions to insurance producer licensing

43 A. AN INSURER IS NOT REQUIRED TO OBTAIN AN INSURANCE PRODUCER  
44 LICENSE. IN THIS SECTION, "INSURER" DOES NOT INCLUDE AN INSURER'S OFFICERS,  
45 DIRECTORS, EMPLOYEES, SUBSIDIARIES OR AFFILIATES.

1           B. THE FOLLOWING PERSONS ARE NOT REQUIRED TO OBTAIN A LICENSE AS AN  
2 INSURANCE PRODUCER:

3           1. AN OFFICER, DIRECTOR OR EMPLOYEE OF AN INSURER OR OF AN INSURANCE  
4 PRODUCER, IF THE OFFICER, DIRECTOR OR EMPLOYEE DOES NOT RECEIVE ANY  
5 COMMISSION ON POLICIES WRITTEN OR SOLD TO INSURER RISKS RESIDING, LOCATED OR  
6 TO BE PERFORMED IN THIS STATE AND EITHER:

7           (a) THE ACTIVITIES OF THE OFFICER, DIRECTOR OR EMPLOYEE ARE EXECUTIVE,  
8 ADMINISTRATIVE, MANAGERIAL, CLERICAL OR A COMBINATION OF THESE AND ARE ONLY  
9 INDIRECTLY RELATED TO THE SALE, SOLICITATION OR NEGOTIATION OF INSURANCE.

10           (b) THE FUNCTIONS OF THE OFFICER, DIRECTOR OR EMPLOYEE RELATE TO  
11 UNDERWRITING, LOSS CONTROL, INSPECTION OR THE PROCESSING, ADJUSTING,  
12 INVESTIGATING OR SETTLING OF A CLAIM ON A CONTRACT OF INSURANCE.

13           (c) THE OFFICER, DIRECTOR OR EMPLOYEE EITHER:

14           (i) ACTS AS A SPECIAL AGENT OR AGENCY SUPERVISOR ASSISTING INSURANCE  
15 PRODUCERS AND ENGAGES IN ACTIVITIES THAT ARE LIMITED TO PROVIDING TECHNICAL  
16 ADVICE AND ASSISTANCE TO LICENSED INSURANCE PRODUCERS AND THAT DO NOT INCLUDE  
17 THE SALE, SOLICITATION OR NEGOTIATION OF INSURANCE.

18           (ii) RESPONDS TO REQUESTS FROM EXISTING POLICYHOLDERS TO TRANSACT  
19 MATTERS AFTER EFFECTUATION OF THE POLICY AND ARISING OUT OF THE POLICY AND  
20 DOES NOT ENGAGE IN NEGOTIATION OR SOLICITATION, OTHER THAN TO CONFER WITH THE  
21 POLICYHOLDERS REGARDING THE POLICYHOLDERS' REQUESTS.

22           2. A PERSON WHO DOES NOT RECEIVE ANY COMMISSION, BUT WHO SECURES AND  
23 PROVIDES INFORMATION FOR THE PURPOSE OF EITHER:

24           (a) GROUP LIFE INSURANCE, GROUP ANNUITIES, GROUP OR BLANKET ACCIDENT  
25 AND HEALTH OR SICKNESS INSURANCE.

26           (b) ENROLLING INDIVIDUALS UNDER PLANS, ISSUING CERTIFICATES UNDER  
27 PLANS OR OTHERWISE ASSISTING IN ADMINISTERING PLANS OR PERFORMING  
28 ADMINISTRATIVE SERVICES RELATED TO MASS-MARKETED PROPERTY AND CASUALTY  
29 INSURANCE.

30           3. AN EMPLOYER OR ASSOCIATION OR ITS OFFICERS, DIRECTORS OR EMPLOYEES  
31 OR THE TRUSTEES OF AN EMPLOYEE TRUST PLAN, TO THE EXTENT THAT THE EMPLOYER  
32 OR ASSOCIATION OR OFFICERS, DIRECTORS, EMPLOYEES OR TRUSTEES ARE ENGAGED IN  
33 THE ADMINISTRATION OR OPERATION OF A PROGRAM OF EMPLOYEE BENEFITS FOR THE  
34 EMPLOYER'S OR ASSOCIATION'S OWN EMPLOYEES OR THE EMPLOYEES OF ITS  
35 SUBSIDIARIES OR AFFILIATES AND THE PROGRAM INVOLVES THE USE OF INSURANCE  
36 ISSUED BY AN INSURER, IF THE EMPLOYER OR ASSOCIATION OR OFFICERS, DIRECTORS,  
37 EMPLOYEES OR TRUSTEES ARE NOT DIRECTLY OR INDIRECTLY COMPENSATED IN ANY  
38 MANNER BY THE COMPANY THAT ISSUES THE CONTRACTS.

39           4. EMPLOYEES OF INSURERS OR ORGANIZATIONS EMPLOYED BY INSURERS WHO  
40 ENGAGE IN THE INSPECTION, RATING OR CLASSIFICATION OF RISKS OR THE  
41 SUPERVISION OF THE TRAINING OF INSURANCE PRODUCERS AND WHO ARE NOT  
42 INDIVIDUALLY ENGAGED IN THE SALE, SOLICITATION OR NEGOTIATION OF INSURANCE.

43           5. A PERSON WHOSE ACTIVITIES IN THIS STATE ARE LIMITED TO ADVERTISING  
44 WITHOUT THE INTENT TO SOLICIT INSURANCE IN THIS STATE THROUGH COMMUNICATIONS  
45 IN PRINTED PUBLICATIONS OR OTHER FORMS OF ELECTRONIC MASS MEDIA WHOSE

1 DISTRIBUTION IS NOT LIMITED TO RESIDENTS OF THE STATE, IF THE PERSON DOES NOT  
2 SELL, SOLICIT OR NEGOTIATE INSURANCE THAT WOULD INSURE RISKS RESIDING,  
3 LOCATED OR TO BE PERFORMED IN THIS STATE.

4 6. A PERSON WHO IS NOT A RESIDENT OF THIS STATE AND WHO SELLS,  
5 SOLICITS OR NEGOTIATES A CONTRACT OF INSURANCE FOR COMMERCIAL PROPERTY AND  
6 CASUALTY RISKS TO AN INSURED WITH RISKS THAT ARE LOCATED IN MORE THAN ONE  
7 STATE INSURED UNDER THAT CONTRACT, IF THAT PERSON IS OTHERWISE LICENSED AS  
8 AN INSURANCE PRODUCER TO SELL, SOLICIT OR NEGOTIATE THAT INSURANCE IN THE  
9 STATE WHERE THE INSURED MAINTAINS ITS PRINCIPAL PLACE OF BUSINESS AND THE  
10 CONTRACT OF INSURANCE INSURES RISKS LOCATED IN THAT STATE.

11 7. A SALARIED FULL-TIME EMPLOYEE WHO COUNSELS OR ADVISES THE  
12 EMPLOYEE'S EMPLOYER REGARDING THE INSURANCE INTERESTS OF THE EMPLOYER OR ITS  
13 SUBSIDIARIES OR BUSINESS AFFILIATES, IF THE EMPLOYEE DOES NOT SELL OR SOLICIT  
14 INSURANCE OR RECEIVE A COMMISSION.

15 20-284. Application for examination

16 A. A RESIDENT INDIVIDUAL APPLYING FOR AN INSURANCE PRODUCER LICENSE  
17 SHALL PASS AN EXAMINATION UNLESS THE INDIVIDUAL IS EXEMPT PURSUANT TO SECTION  
18 20-288. THE EXAMINATION SHALL TEST THE KNOWLEDGE OF THE INDIVIDUAL  
19 CONCERNING THE LINES OF AUTHORITY FOR WHICH THE APPLICATION IS MADE, THE  
20 DUTIES AND RESPONSIBILITIES OF AN INSURANCE PRODUCER AND THE INSURANCE LAWS  
21 OF THIS STATE.

22 B. THE DIRECTOR SHALL MAKE THE EXAMINATION AVAILABLE TO APPLICANTS FOR  
23 LICENSES WITH SUCH FREQUENCY AS SHALL MEET THE REASONABLE CONVENIENCE OF BOTH  
24 THE DIRECTOR AND APPLICANTS, BUT AT LEAST EVERY SIXTY DAYS. THE DIRECTOR MAY  
25 REASONABLY PRESCRIBE BY RULE THE TIME, PLACES AND CONDUCT OF EXAMINATIONS AND  
26 REQUIRE A REASONABLE WAITING PERIOD BEFORE EXAMINATION OF AN APPLICANT WHO  
27 FAILED TO PASS A PREVIOUS SIMILAR EXAMINATION.

28 C. THE DIRECTOR SHALL ENSURE THAT ALL EXAMINATIONS ARE GIVEN,  
29 CONDUCTED AND GRADED IN A FAIR AND IMPARTIAL MANNER AND WITHOUT UNFAIR  
30 DISCRIMINATION AS AMONG INDIVIDUALS EXAMINED. AT THE DIRECTOR'S DISCRETION,  
31 ANY WRITTEN EXAMINATION MAY BE SUPPLEMENTED BY AN ORAL EXAMINATION OF THE  
32 APPLICANT. THE DIRECTOR SHALL INFORM THE APPLICANT OF THE RESULT OF THE  
33 EXAMINATION WITHIN THIRTY DAYS AFTER THE EXAMINATION.

34 D. THE DIRECTOR MAY APPOINT ONE OR MORE ADVISORY COMMITTEES TO MAKE  
35 RECOMMENDATIONS TO THE DIRECTOR AS TO THE SCOPE, TYPE AND CONDUCT OF WRITTEN  
36 EXAMINATIONS UNDER THIS ARTICLE. THE MEMBERS OF THE COMMITTEE SHALL SERVE  
37 WITHOUT PAY AND WITHOUT EXPENSE TO THE STATE.

38 E. AN INDIVIDUAL WHO FAILS TO APPEAR FOR THE EXAMINATION AS SCHEDULED  
39 OR WHO FAILS TO PASS THE EXAMINATION SHALL REAPPLY FOR AN EXAMINATION AND  
40 REMIT ALL REQUIRED FEES AND FORMS BEFORE BEING RESCHEDULED FOR ANOTHER  
41 EXAMINATION.

42 F. AN INDIVIDUAL SHALL NOT TAKE AN EXAMINATION FOR A LINE OF AUTHORITY  
43 FOR WHICH THE INDIVIDUAL ALREADY HOLDS A LICENSE IN THIS STATE.

1           20-285. Application for license

2           A. A PERSON WHO APPLIES FOR A RESIDENT INSURANCE PRODUCER LICENSE  
3 SHALL APPLY TO THE DIRECTOR ON A FORM PRESCRIBED BY THE DIRECTOR AND SHALL  
4 DECLARE UNDER PENALTY OF DENIAL, SUSPENSION OR REVOCATION OF THE LICENSE THAT  
5 THE STATEMENTS MADE IN THE APPLICATION ARE TRUE, CORRECT AND COMPLETE TO THE  
6 BEST OF THE KNOWLEDGE AND BELIEF OF THE APPLICANT OR ITS DULY AUTHORIZED  
7 REPRESENTATIVE. THE APPLICANT SHALL PROVIDE INFORMATION CONCERNING THE  
8 APPLICANT'S IDENTITY, PERSONAL HISTORY, BUSINESS RECORD, EXPERIENCE IN  
9 INSURANCE AND PURPOSES FOR WHICH THE LICENSE IS TO BE USED AND ANY OTHER  
10 PERTINENT FACT THE DIRECTOR REQUIRES.

11           B. BEFORE THE DIRECTOR APPROVES THE APPLICATION OF THE INDIVIDUAL, THE  
12 DIRECTOR SHALL FIND THAT:

13           1. THE INDIVIDUAL IS AT LEAST EIGHTEEN YEARS OF AGE.

14           2. THE INDIVIDUAL HAS NOT COMMITTED ANY ACT THAT IS A GROUND FOR  
15 DENIAL, SUSPENSION OR REVOCATION PRESCRIBED IN SECTION 20-295.

16           3. THE INDIVIDUAL HAS PAID THE FEES PRESCRIBED IN SECTION 20-167.

17           4. THE INDIVIDUAL HAS SUCCESSFULLY PASSED THE EXAMINATIONS FOR THE  
18 LINES OF AUTHORITY FOR WHICH THE INDIVIDUAL HAS APPLIED.

19           5. THE INDIVIDUAL WILL NOT USE OR DOES NOT INTEND TO USE THE LICENSE  
20 PRINCIPALLY FOR THE PURPOSE OF PROCURING INSURANCE THAT COVERS:

21           (a) THE INDIVIDUAL.

22           (b) THE MEMBERS OF THE INDIVIDUAL'S FAMILY OR THE INDIVIDUAL'S  
23 RELATIVES TO THE SECOND DEGREE.

24           (c) THE INDIVIDUAL'S PROPERTY OR INSURABLE INTERESTS.

25           (d) THE PROPERTY OR INSURABLE INTERESTS OF THE INDIVIDUAL'S RELATIVES  
26 TO THE SECOND DEGREE, EMPLOYER OR EMPLOYEES OR A FIRM OR CORPORATION IN WHICH  
27 THE INDIVIDUAL OWNS A SUBSTANTIAL INTEREST OR THE EMPLOYEES OF THAT FIRM OR  
28 CORPORATION.

29           (e) PROPERTY OR INSURABLE INTERESTS FOR WHICH THE INDIVIDUAL OR THE  
30 INDIVIDUAL'S RELATIVES TO THE SECOND DEGREE, EMPLOYER, FIRM OR CORPORATION  
31 IS THE BAILEE, TRUSTEE OR RECEIVER.

32           C. FOR THE PURPOSES OF SUBSECTION B, PARAGRAPH 5 OF THIS SECTION, A  
33 VENDOR'S OR LENDER'S INTEREST IN PROPERTY THAT IS SOLD OR IS BEING SOLD UNDER  
34 A CONTRACT OR THAT IS THE SECURITY FOR ANY LOAN IS NOT PROPERTY OR AN  
35 INSURABLE INTEREST OF THAT VENDOR OR LENDER.

36           D. BEFORE THE DIRECTOR APPROVES THE APPLICATION OF A BUSINESS ENTITY,  
37 THE DIRECTOR SHALL FIND THAT THE BUSINESS ENTITY:

38           1. HAS PAID THE FEES PRESCRIBED IN SECTION 20-167.

39           2. WILL BE ACTING WITHIN THE SCOPE OF ITS PARTNERSHIP AGREEMENT,  
40 ARTICLES OF INCORPORATION OR OTHER CHARTERING DOCUMENTS WHEN THE BUSINESS  
41 ENTITY TRANSACTS BUSINESS UNDER THE LICENSE.

42           3. HAS DESIGNATED AN INDIVIDUALLY LICENSED INSURANCE PRODUCER WHO IS  
43 RESPONSIBLE FOR THE BUSINESS ENTITY'S COMPLIANCE WITH THE INSURANCE LAWS OF  
44 THIS STATE.

1 E. THE APPLICATION OF A BUSINESS ENTITY SHALL ALSO INCLUDE THE NAMES  
2 OF ALL MEMBERS, OFFICERS AND DIRECTORS OF THE BUSINESS ENTITY. FOR ANY  
3 INDIVIDUAL WHO IS IDENTIFIED PURSUANT TO THIS SUBSECTION AND PURSUANT TO  
4 SUBSECTION D, PARAGRAPH 3 OF THIS SECTION, THE DIRECTOR MAY REQUIRE THE  
5 APPLICANT TO PROVIDE THE INFORMATION REQUIRED FOR A LICENSE AS AN INDIVIDUAL.

6 F. BEFORE THE DIRECTOR GRANTS A LICENSE, THE DIRECTOR MAY REQUIRE THE  
7 APPLICANT TO PROVIDE ANY DOCUMENT THAT IS REASONABLY NECESSARY TO VERIFY THE  
8 INFORMATION THAT IS CONTAINED IN AN APPLICATION AND OTHER INFORMATION  
9 INCLUDING:

10 1. PRIOR CRIMINAL RECORDS.

11 2. FINGERPRINTING OR BACKGROUND INFORMATION PURSUANT TO SECTION  
12 41-1750, SUBSECTION G AND ANY FINGERPRINT PROCESSING FEES.

13 G. A NONRESIDENT PERSON WHO IS LICENSED AS AN INSURANCE PRODUCER IN  
14 ANOTHER STATE, WHO BECOMES A RESIDENT OF THIS STATE AND WHO CONTINUES TO ACT  
15 AS AN INSURANCE PRODUCER SHALL APPLY TO BECOME A RESIDENT LICENSEE PURSUANT  
16 TO THIS SECTION WITHIN NINETY DAYS.

17 20-286. Licensure; lines of authority

18 A. UNLESS THE DIRECTOR DENIES A LICENSE PURSUANT TO SECTION 20-295,  
19 THE DIRECTOR SHALL ISSUE A RESIDENT INSURANCE PRODUCER LICENSE TO ANY PERSON  
20 WHO MEETS THE REQUIREMENTS PRESCRIBED IN SECTIONS 20-284 AND 20-285. AN  
21 INSURANCE PRODUCER MAY QUALIFY FOR A LICENSE IN ONE OR MORE OF THE FOLLOWING  
22 LINES OF AUTHORITY:

23 1. LIFE. LIFE INSURANCE IS COVERAGE ON HUMAN LIVES, INCLUDING  
24 BENEFITS OF ENDOWMENT AND ANNUITIES, AND MAY INCLUDE BENEFITS IN THE EVENT  
25 OF DEATH OR DISMEMBERMENT BY ACCIDENT AND BENEFITS FOR DISABILITY INCOME.

26 2. ACCIDENT AND HEALTH OR SICKNESS. ACCIDENT AND HEALTH OR SICKNESS  
27 INSURANCE IS COVERAGE FOR SICKNESS, BODILY INJURY OR ACCIDENTAL DEATH AND MAY  
28 INCLUDE BENEFITS FOR DISABILITY INCOME.

29 3. PROPERTY. PROPERTY INSURANCE IS COVERAGE FOR THE DIRECT OR  
30 CONSEQUENTIAL LOSS OR DAMAGE TO PROPERTY OF EVERY KIND.

31 4. CASUALTY. CASUALTY INSURANCE IS COVERAGE AGAINST LEGAL LIABILITY,  
32 INCLUDING LIABILITY FOR DEATH, INJURY, DISABILITY OR DAMAGE TO REAL OR  
33 PERSONAL PROPERTY.

34 5. VARIABLE LIFE AND VARIABLE ANNUITY PRODUCTS. VARIABLE LIFE AND  
35 VARIABLE ANNUITY IS INSURANCE COVERAGE THAT IS PROVIDED UNDER A VARIABLE LIFE  
36 INSURANCE CONTRACT OR A VARIABLE ANNUITY.

37 6. PERSONAL LINES. PERSONAL LINES IS PROPERTY AND CASUALTY INSURANCE  
38 COVERAGE THAT IS SOLD TO INDIVIDUALS AND FAMILIES FOR PRIMARILY NONCOMMERCIAL  
39 PURPOSES.

40 7. CREDIT. CREDIT INSURANCE IS LIMITED LINE CREDIT INSURANCE.

41 8. ANY OTHER LINE OF INSURANCE ALLOWED UNDER STATE LAW OR RULES  
42 ADOPTED BY THE DIRECTOR.

43 B. THE LICENSE SHALL CONTAIN THE LICENSEE'S NAME, ADDRESS AND  
44 IDENTIFICATION NUMBER, THE DATE OF ISSUANCE, THE LINES OF AUTHORITY, THE  
45 EXPIRATION DATE AND ANY OTHER INFORMATION THE DIRECTOR DEEMS NECESSARY.

1 C. A LICENSEE SHALL INFORM THE DIRECTOR IN WRITING WITHIN THIRTY DAYS  
2 OF ANY CHANGE IN THE LICENSEE'S:

3 1. RESIDENTIAL OR BUSINESS ADDRESS.

4 2. MEMBERS, DIRECTORS, OFFICERS OR DESIGNATED PRODUCER.

5 D. IN ORDER TO ASSIST IN THE PERFORMANCE OF THE DIRECTOR'S DUTIES, THE  
6 DIRECTOR MAY CONTRACT WITH A THIRD PARTY TO PERFORM ANY MINISTERIAL FUNCTIONS  
7 THAT ARE RELATED TO PRODUCER LICENSING AND THAT THE DIRECTOR DEEMS  
8 APPROPRIATE, INCLUDING THE COLLECTION OF FEES.

9 20-287. Nonresident licensing

10 A. UNLESS THE DIRECTOR DENIES A LICENSE PURSUANT TO SECTION 20-295,  
11 THE DIRECTOR SHALL ISSUE A NONRESIDENT PERSON A NONRESIDENT PRODUCER LICENSE  
12 IF ALL OF THE FOLLOWING APPLY:

13 1. THE PERSON IS CURRENTLY LICENSED AS A RESIDENT AND IN GOOD STANDING  
14 IN THE PERSON'S HOME STATE.

15 2. THE PERSON HAS SUBMITTED THE PROPER REQUEST FOR LICENSURE AND HAS  
16 PAID THE FEES PRESCRIBED IN SECTION 20-167.

17 3. THE PERSON HAS SUBMITTED THE APPLICATION FOR LICENSURE AS AN  
18 INSURANCE PRODUCER THAT THE PERSON SUBMITTED TO THE PERSON'S HOME STATE OR  
19 A COMPLETED UNIFORM APPLICATION ON A FORM PRESCRIBED BY THE NATIONAL  
20 ASSOCIATION OF INSURANCE COMMISSIONERS.

21 4. THE PERSON'S HOME STATE ISSUES NONRESIDENT PRODUCER LICENSES TO  
22 RESIDENTS OF THIS STATE ON THE SAME BASIS.

23 B. A NONRESIDENT INSURANCE PRODUCER WHO MOVES FROM ONE STATE TO  
24 ANOTHER STATE OR A RESIDENT INSURANCE PRODUCER WHO MOVES FROM THIS STATE TO  
25 ANOTHER STATE SHALL FILE A CHANGE OF ADDRESS FORM AS PRESCRIBED IN SECTION  
26 20-286, SUBSECTION C AND PROVIDE THE DIRECTOR WITH CERTIFICATION OF LICENSURE  
27 FROM THE NEW RESIDENT STATE WITHIN THIRTY DAYS AFTER RECEIVING THE NEW  
28 RESIDENT LICENSE. A FEE OR LICENSE APPLICATION IS NOT REQUIRED.

29 C. NOTWITHSTANDING ANY OTHER PROVISION OF THIS CHAPTER, THE DIRECTOR  
30 SHALL ISSUE:

31 1. A NONRESIDENT SURPLUS LINES BROKER LICENSE PURSUANT TO SUBSECTION  
32 A OF THIS SECTION TO A PERSON WHO IS LICENSED AS A SURPLUS LINES PRODUCER OR  
33 BROKER IN THE PERSON'S HOME STATE. EXCEPT AS PROVIDED IN SUBSECTION A OF  
34 THIS SECTION, THIS SECTION DOES NOT AMEND OR SUPERSEDE ARTICLE 5 OF THIS  
35 CHAPTER.

36 2. A NONRESIDENT INSURANCE PRODUCER LICENSE PURSUANT TO SUBSECTION A  
37 OF THIS SECTION TO A PERSON WHO IS LICENSED IN THE PERSON'S HOME STATE TO  
38 TRANSACT LIMITED LINES INSURANCE. THE LICENSE SHALL GRANT THE PERSON THE  
39 SAME SCOPE OF AUTHORITY GRANTED UNDER THE LICENSE ISSUED BY THE PERSON'S HOME  
40 STATE. FOR THE PURPOSES OF THIS PARAGRAPH, LIMITED LINES INSURANCE IS ANY  
41 AUTHORITY THAT IS GRANTED BY THE HOME STATE AND THAT RESTRICTS THE AUTHORITY  
42 OF THE LICENSE TO LESS THAN THE TOTAL AUTHORITY PRESCRIBED IN THE ASSOCIATED  
43 MAJOR LINE INSURANCE.

44 D. EXCEPT AS OTHERWISE PROVIDED IN THIS TITLE, A NONRESIDENT LICENSEE  
45 IS SUBJECT TO THIS TITLE AS THOUGH THE LICENSEE WERE LICENSED AS A RESIDENT.



1           20-288. Exemption from examination

2           A. AN INDIVIDUAL WHO APPLIES FOR AN INSURANCE PRODUCER LICENSE IN THIS  
3 STATE AND WHO WAS PREVIOUSLY LICENSED FOR THE SAME LINES OF AUTHORITY IN  
4 ANOTHER STATE IS NOT REQUIRED TO TAKE AN EXAMINATION IF EITHER:

5           1. THE APPLICANT IS CURRENTLY LICENSED IN THE OTHER STATE.

6           2. THE APPLICATION IS RECEIVED WITHIN NINETY DAYS AFTER THE  
7 CANCELLATION OF THE APPLICANT'S PREVIOUS LICENSE AND THE OTHER STATE ISSUES  
8 A CERTIFICATION THAT, AT THE TIME OF CANCELLATION, THE APPLICANT WAS IN GOOD  
9 STANDING IN THAT STATE, OR OTHER RELIABLE INFORMATION AVAILABLE TO THE  
10 DIRECTOR INDICATES THAT THE APPLICANT IS OR WAS LICENSED IN GOOD STANDING FOR  
11 THE LINE OF AUTHORITY REQUESTED.

12          B. THE FOLLOWING APPLICANTS ARE NOT REQUIRED TO TAKE AN EXAMINATION:

13          1. AN APPLICANT FOR TIMELY RENEWAL OF A LICENSE.

14          2. AN APPLICANT FOR THE SAME TYPE OF LICENSE THAT COVERS THE SAME  
15 LINES OF AUTHORITY FOR WHICH THE APPLICANT WAS LICENSED IN THIS STATE, OTHER  
16 THAN UNDER A TEMPORARY LICENSE, WITHIN THE TWELVE MONTHS PRECEDING THE DATE  
17 OF APPLICATION.

18          3. AN APPLICANT WHO IS A TICKET SELLING AGENT OR ANY OTHER  
19 REPRESENTATIVE OF A COMMON CARRIER FOR A LIMITED LINE LICENSE THAT COVERS THE  
20 SALE OF TRAVEL ACCIDENT TICKET POLICIES OR BAGGAGE INSURANCE.

21          4. AN APPLICANT FOR A LICENSE AS A NONRESIDENT INSURANCE PRODUCER WHO  
22 MEETS THE REQUIREMENTS OF SECTION 20-287, SUBSECTION A.

23          5. AN APPLICANT FOR A RENTAL CAR AGENT LICENSE PURSUANT TO SECTION  
24 20-331.

25           20-289. Expiration; surrender; renewal

26          A. ANY LICENSE THAT IS ISSUED PURSUANT TO THIS ARTICLE, OTHER THAN A  
27 TEMPORARY LICENSE, CONTINUES IN FORCE UNTIL IT EXPIRES OR THE DIRECTOR  
28 SUSPENDS, REVOKES OR TERMINATES THE LICENSE. THE LICENSE IS ALSO SUBJECT TO  
29 RENEWAL PURSUANT TO THIS SECTION.

30          B. A LICENSE THAT IS ISSUED PURSUANT TO THIS ARTICLE OR A LICENSE THAT  
31 IS ISSUED PURSUANT TO CHAPTER 6, ARTICLE 9 OF THIS TITLE EXPIRES BIENNIALY  
32 ON THE LAST DAY OF THE SAME MONTH TWO YEARS AFTER THE ISSUANCE OR RENEWAL OF  
33 THE LICENSE PURSUANT TO THIS ARTICLE.

34          C. THE DIRECTOR MAY RENEW A LICENSE IF THE LICENSEE FILES AN  
35 APPLICATION ON A FORM APPROVED BY THE DIRECTOR AND PAYS THE RENEWAL FEE  
36 PRESCRIBED IN SECTION 20-167 ON OR BEFORE THE EXPIRATION DATE AND, UNTIL JULY  
37 1, 2004, IF APPLICABLE, COMPLIES WITH THE CONTINUING EDUCATION REQUIREMENTS  
38 PRESCRIBED IN CHAPTER 18 OF THIS TITLE.

39          D. BEFORE RENEWING A LICENSE, THE DIRECTOR MAY REQUIRE THE APPLICANT  
40 TO PROVIDE ALL DOCUMENTS THAT ARE REASONABLY NECESSARY TO VERIFY THE  
41 INFORMATION THAT IS CONTAINED IN THE APPLICATION AND ANY OTHER INFORMATION  
42 INCLUDING:

43           1. PRIOR CRIMINAL RECORDS.

44           2. FINGERPRINTING OR BACKGROUND INFORMATION, PURSUANT TO SECTION  
45 41-1750, SUBSECTION G AND ANY FINGERPRINT PROCESSING FEES.

1 E. ANY LICENSE FOR WHICH THE DIRECTOR DOES NOT RECEIVE TIMELY  
2 APPLICATION FOR RENEWAL AND FULL PAYMENT OF FEES EXPIRES AT MIDNIGHT ON THE  
3 RENEWAL DATE. DURING THE SIX MONTHS AFTER THE EXPIRATION OF A LICENSE UNDER  
4 THIS SECTION, A PERSON WHO OTHERWISE MEETS THE QUALIFICATIONS FOR A LICENSE  
5 MAY RENEW AN EXPIRED LICENSE BY FILING WITH THE DIRECTOR A RENEWAL  
6 APPLICATION, THE BIENNIAL LICENSE FEE AND AN ADDITIONAL ONE HUNDRED DOLLARS  
7 AS A LATE RENEWAL FEE. ANY APPLICATION RECEIVED DURING THIS SIX MONTH PERIOD  
8 FOR THE SAME LICENSE THAT EXPIRED UNDER THIS SECTION IS DEEMED A RENEWAL  
9 APPLICATION. ANY APPLICATION RECEIVED AFTER THE SIX MONTH PERIOD FOR THE  
10 SAME LICENSE THAT EXPIRED UNDER THIS SECTION IS DEEMED A NEW APPLICATION.

11 F. ON WRITTEN REQUEST OF A PERSON WHO IS LICENSED PURSUANT TO THIS  
12 ARTICLE, THE DIRECTOR MAY ACCEPT THE VOLUNTARY SURRENDER OF THE PERSON'S  
13 AUTHORITY TO TRANSACT ONE OR MORE LINES OF INSURANCE OR OF THE PERSON'S  
14 ENTIRE LICENSE. A PERSON WHO SURRENDERS AN AUTHORITY OR A LICENSE UNDER THIS  
15 SUBSECTION SHALL NOT REAPPLY FOR THE SAME AUTHORITY OR LICENSE FOR AT LEAST  
16 SIX MONTHS AFTER THE DATE OF THE SURRENDER.

17 20-290. Insurance producer records; individual licensees

18 A. AN INSURANCE PRODUCER SHALL KEEP AT THE INSURANCE PRODUCER'S  
19 PRINCIPAL PLACE OF BUSINESS THE USUAL AND CUSTOMARY RECORDS THAT PERTAIN TO  
20 TRANSACTIONS UNDER THE INSURANCE PRODUCER'S LICENSE. THE INSURANCE PRODUCER  
21 SHALL KEEP ALL RECORDS FOR ANY TRANSACTION FOR THREE YEARS IMMEDIATELY AFTER  
22 THE DATE OF COMPLETION OF THE TRANSACTION AND SHALL MAKE THEM AVAILABLE AND  
23 OPEN TO THE INSPECTION OF THE DIRECTOR AT ANY BUSINESS TIME DURING THOSE  
24 THREE YEARS.

25 B. A BUSINESS ENTITY INSURANCE PRODUCER SHALL HAVE AT LEAST ONE  
26 INSURANCE PRODUCER INDIVIDUALLY LICENSED FOR THE APPROPRIATE LINES OF  
27 AUTHORITY IN EACH OFFICE OR PLACE OF BUSINESS IN WHICH THE BUSINESS ENTITY  
28 TRANSACTS INSURANCE IN THIS STATE.

29 20-291. Service of process on nonresident licensees

30 A. APPLICATION FOR AND ACCEPTANCE OF ANY NONRESIDENT LICENSE PURSUANT  
31 TO THIS ARTICLE CONSTITUTES AN IRREVOCABLE APPOINTMENT OF THE DIRECTOR AS THE  
32 ATTORNEY OF THE LICENSEE FOR THE ACCEPTANCE OF SERVICE OF PROCESS ISSUED IN  
33 THIS STATE IN ANY ACTION OR PROCEEDING AGAINST THE LICENSEE ARISING OUT OF  
34 THE LICENSING OR OUT OF TRANSACTIONS UNDER THE LICENSE.

35 B. DUPLICATE COPIES OF ANY PROCESS SHALL BE SERVED ON THE  
36 DIRECTOR. AT THE TIME OF SERVICE THE PLAINTIFF SHALL PAY THE DIRECTOR THE  
37 FEE PRESCRIBED IN SECTION 20-167, SUBSECTION A. ON RECEIVING SERVICE THE  
38 DIRECTOR SHALL PROMPTLY FORWARD A COPY BY CERTIFIED MAIL, RETURN RECEIPT  
39 REQUESTED, TO THE LICENSEE AT THE LICENSEE'S LAST ADDRESS OF RECORD WITH THE  
40 DIRECTOR. PROCESS SERVED ON THE DIRECTOR PURSUANT TO THIS SECTION  
41 CONSTITUTES SERVICE ON THE LICENSEE AS THOUGH THE LICENSEE WERE PERSONALLY  
42 SERVED WITH PROCESS IN THIS STATE.

43 20-292. Violation; injunctive relief

44 IF THE DIRECTOR HAS CAUSE TO BELIEVE THAT ANY PERSON IS VIOLATING OR  
45 ABOUT TO VIOLATE SECTION 20-282, 20-298, 20-311.01, 20-321.01, 20-331,

1 20-331.01, 20-341.01 OR 20-411, THE DIRECTOR MAY ORDER THE PERSON TO CEASE  
2 AND DESIST AND, THROUGH THE ATTORNEY GENERAL, MAY CAUSE A COMPLAINT TO BE  
3 FILED IN THE SUPERIOR COURT IN MARICOPA COUNTY TO ENJOIN AND RESTRAIN THE  
4 PERSON FROM CONTINUING THE VIOLATION, ENGAGING IN THE VIOLATION OR DOING ANY  
5 ACT IN FURTHERANCE OF THE VIOLATION. IF THE DIRECTOR ORDERS THE PERSON TO  
6 CEASE AND DESIST, THE PERSON MAY FILE A NOTICE OF APPEAL AND MAY APPEAL ANY  
7 FINAL ORDER PURSUANT TO TITLE 41, CHAPTER 6, ARTICLE 10. IF THE DIRECTOR,  
8 THROUGH THE ATTORNEY GENERAL, CAUSES A COMPLAINT TO BE FILED, THE SUPERIOR  
9 COURT IN MARICOPA COUNTY HAS JURISDICTION OF THE PROCEEDING AND MAY MAKE AND  
10 ENTER AN ORDER OR JUDGMENT AWARDING THE PRELIMINARY OR FINAL RELIEF AS IN ITS  
11 JUDGMENT IS PROPER.

12 20-293. Insurance vending machines

13 A. ONLY A LICENSED INSURANCE PRODUCER WHO IS AUTHORIZED BY THE  
14 DIRECTOR MAY SOLICIT APPLICATIONS FOR AND ISSUE POLICIES BY MEANS OF  
15 MECHANICAL VENDING MACHINES. THE INSURANCE PRODUCER SHALL SUPERVISE EACH  
16 MACHINE AND SHALL ISSUE POLICIES ONLY OF INSURERS AUTHORIZED TO TRANSACT  
17 BUSINESS IN THIS STATE. A POLICY SHALL NOT BE SOLICITED AND ISSUED THROUGH  
18 A MACHINE IF THE DIRECTOR FINDS THAT THE KIND OF INSURANCE OR FORM OF POLICY  
19 TO BE SOLD IS UNSUITABLE FOR SALE AND ISSUANCE THROUGH VENDING MACHINES, THAT  
20 USE OF A VENDING MACHINE MAY POSE A RISK OF HARM TO THE PUBLIC OR THAT THE  
21 PROPOSED TYPE OF VENDING MACHINE IS NOT REASONABLY SUITABLE AND PRACTICAL FOR  
22 THE PURPOSE.

23 B. THE INSURANCE PRODUCER SHALL DISPLAY ON OR NEAR EACH VENDING  
24 MACHINE EVIDENCE OF THE PRODUCER'S AUTHORITY TO SOLICIT APPLICATIONS AND  
25 ISSUE POLICIES IN A MANNER AND FORM AS THE DIRECTOR MAY REASONABLY  
26 REQUIRE. THE EVIDENCE OF AUTHORITY SHALL SPECIFY THE NAME AND ADDRESS OF  
27 BOTH THE INSURER AND THE INSURANCE PRODUCER, THE KIND OF INSURANCE AND TYPE  
28 OF POLICY TO BE SOLD, THE PLACE WHERE THE MACHINE IS TO BE IN OPERATION AND  
29 THE MACHINE'S IDENTIFICATION NUMBER. THE AUTHORITY IS RENEWABLE BIENNIALY  
30 IN ODD-NUMBERED YEARS ON OR BEFORE THE LAST DAY OF THE MONTH. THE DIRECTOR  
31 SHALL SUSPEND, REVOKE OR OTHERWISE TERMINATE THE AUTHORITY TO OPERATE A  
32 VENDING MACHINE COINCIDENTALLY WITH THAT OF THE INSURANCE PRODUCER.

33 20-294. Temporary licensing

34 A. THE DIRECTOR MAY ISSUE A TEMPORARY INSURANCE PRODUCER LICENSE FOR  
35 NOT MORE THAN ONE HUNDRED EIGHTY DAYS WITHOUT REQUIRING AN EXAMINATION IF THE  
36 DIRECTOR DEEMS THAT THE TEMPORARY LICENSE IS NECESSARY FOR THE SERVICING OF  
37 AN INSURANCE BUSINESS IN THE FOLLOWING CASES:

38 1. TO THE SURVIVING SPOUSE OR COURT APPOINTED PERSONAL REPRESENTATIVE  
39 OF A LICENSED INSURANCE PRODUCER WHO DIES OR BECOMES MENTALLY OR PHYSICALLY  
40 DISABLED TO ALLOW ADEQUATE TIME FOR THE SALE OF THE INSURANCE BUSINESS OWNED  
41 BY THE PRODUCER, FOR THE RECOVERY OF THE PRODUCER AND RETURN OF THE PRODUCER  
42 TO THE BUSINESS OR TO PROVIDE FOR THE TRAINING AND LICENSING OF NEW PERSONNEL  
43 TO OPERATE THE PRODUCER'S BUSINESS.

1           2. TO A MEMBER OR EMPLOYEE OF A BUSINESS ENTITY THAT IS LICENSED AS  
2 AN INSURANCE PRODUCER ON THE DEATH OR DISABILITY OF AN INDIVIDUAL WHO IS THE  
3 DESIGNATED PRODUCER ON THE BUSINESS ENTITY APPLICATION OR LICENSE.

4           3. TO THE DESIGNEE OF A LICENSED INSURANCE PRODUCER WHO ENTERS ACTIVE  
5 SERVICE IN THE ARMED FORCES OF THE UNITED STATES.

6           B. BY ORDER THE DIRECTOR MAY IMPOSE CONDITIONS OR LIMITATIONS ON THE  
7 AUTHORITY OF ANY TEMPORARY LICENSEE IN ANY WAY THE DIRECTOR DEEMS NECESSARY  
8 TO PROTECT INSUREDS AND THE PUBLIC, INCLUDING REQUIRING THE TEMPORARY  
9 LICENSEE TO HAVE A SUITABLE SPONSOR WHO IS A LICENSED INSURANCE PRODUCER OR  
10 INSURER AND WHO ASSUMES RESPONSIBILITY FOR ALL ACTS OF THE TEMPORARY  
11 LICENSEE. UNLESS THE DIRECTOR IMPOSES CONDITIONS OR LIMITATIONS PURSUANT TO  
12 THIS SUBSECTION, A TEMPORARY LICENSEE HAS THE SAME RIGHTS AND PRIVILEGES  
13 PRESCRIBED IN THIS ARTICLE FOR AN INSURANCE PRODUCER.

14           C. BY ORDER THE DIRECTOR MAY SUMMARILY REVOKE A TEMPORARY LICENSE IF  
15 THE INTERESTS OF INSUREDS OR THE PUBLIC ARE ENDANGERED. A TEMPORARY LICENSE  
16 MAY NOT CONTINUE AFTER THE OWNER OR THE PERSONAL REPRESENTATIVE DISPOSES OF  
17 THE BUSINESS.

18           20-295. License denial, suspension or revocation

19           A. THE DIRECTOR MAY DENY, SUSPEND FOR NOT MORE THAN TWELVE MONTHS,  
20 REVOKE OR REFUSE TO RENEW AN INSURANCE PRODUCER'S LICENSE OR MAY IMPOSE A  
21 CIVIL PENALTY IN ACCORDANCE WITH SUBSECTION F OF THIS SECTION OR ANY  
22 COMBINATION OF ACTIONS FOR ANY ONE OR MORE OF THE FOLLOWING CAUSES:

23           1. PROVIDING INCORRECT, MISLEADING, INCOMPLETE OR MATERIALLY UNTRUE  
24 INFORMATION IN THE LICENSE APPLICATION.

25           2. VIOLATING ANY PROVISION OF THIS TITLE OR ANY RULE, SUBPOENA OR  
26 ORDER OF THE DIRECTOR.

27           3. OBTAINING OR ATTEMPTING TO OBTAIN A LICENSE THROUGH  
28 MISREPRESENTATION OR FRAUD.

29           4. IMPROPERLY WITHHOLDING, MISAPPROPRIATING OR CONVERTING ANY MONIES  
30 OR PROPERTIES RECEIVED IN THE COURSE OF DOING INSURANCE BUSINESS.

31           5. INTENTIONALLY MISREPRESENTING THE TERMS OF AN ACTUAL OR PROPOSED  
32 INSURANCE CONTRACT OR APPLICATION FOR INSURANCE.

33           6. HAVING BEEN CONVICTED OF A FELONY.

34           7. HAVING ADMITTED OR BEEN FOUND TO HAVE COMMITTED ANY INSURANCE  
35 UNFAIR TRADE PRACTICE OR FRAUD.

36           8. USING FRAUDULENT, COERCIVE OR DISHONEST PRACTICES, OR DEMONSTRATING  
37 INCOMPETENCE, UNTRUSTWORTHINESS OR FINANCIAL IRRESPONSIBILITY IN THE CONDUCT  
38 OF BUSINESS IN THIS STATE OR ELSEWHERE.

39           9. HAVING AN INSURANCE PRODUCER LICENSE, OR ITS EQUIVALENT, DENIED,  
40 SUSPENDED OR REVOKED IN ANY OTHER STATE, PROVINCE, DISTRICT OR TERRITORY.

41           10. FORGING ANOTHER'S NAME TO ANY DOCUMENT RELATED TO AN INSURANCE  
42 TRANSACTION.

43           11. AIDING OR ASSISTING ANY PERSON IN THE UNAUTHORIZED TRANSACTION OF  
44 INSURANCE BUSINESS.

45           12. VIOLATING SECTION 41-624, SUBSECTION B OR C.

1           13. VIOLATING SECTION 6-1410, 6-1412 OR 6-1413.

2           B. THE DIRECTOR MAY DENY, SUSPEND FOR NOT MORE THAN TWELVE MONTHS,  
3 REVOKE OR REFUSE TO RENEW THE LICENSE OF A BUSINESS ENTITY:

4           1. FOR ANY OF THE CAUSES PRESCRIBED IN SUBSECTION A OF THIS SECTION  
5 IF THE CAUSE RELATES TO THE DESIGNATED PRODUCER OR ANY MEMBER, OFFICER,  
6 DIRECTOR OR MANAGER OF THE BUSINESS ENTITY.

7           2. IF THE DIRECTOR FINDS THAT AN INDIVIDUAL INSURANCE PRODUCER'S  
8 VIOLATION WAS KNOWN OR SHOULD HAVE BEEN KNOWN BY THE DESIGNATED PRODUCER OR  
9 ONE OR MORE OF THE MEMBERS, OFFICERS, DIRECTORS OR MANAGERS ACTING ON BEHALF  
10 OF THE BUSINESS ENTITY AND THE VIOLATION WAS NOT SEASONABLY REPORTED TO THE  
11 DIRECTOR AND NO REASONABLE CORRECTIVE ACTION WAS TAKEN.

12           C. IF THE DIRECTOR DENIES AN APPLICATION FOR A LICENSE, THE DIRECTOR  
13 SHALL NOTIFY THE APPLICANT IN ACCORDANCE WITH TITLE 41, CHAPTER 6, ARTICLE  
14 10.

15           D. THE DIRECTOR MAY REVOKE, SUSPEND OR REFUSE TO RENEW A LICENSE AFTER  
16 NOTICE AND AN OPPORTUNITY FOR A HEARING IN ACCORDANCE WITH TITLE 41, CHAPTER  
17 6, ARTICLE 10.

18           E. ANY HEARING REQUIRED BY THIS SECTION SHALL BE CONDUCTED AS  
19 PRESCRIBED IN CHAPTER 1, ARTICLE 2 OF THIS TITLE AND TITLE 41, CHAPTER 6,  
20 ARTICLE 10.

21           F. IN ADDITION TO OR INSTEAD OF ANY SUSPENSION, REVOCATION OR REFUSAL  
22 TO RENEW A LICENSE PURSUANT TO THIS SECTION, AFTER A HEARING THE DIRECTOR  
23 MAY:

24           1. IMPOSE A CIVIL PENALTY OF NOT MORE THAN TWO HUNDRED FIFTY DOLLARS  
25 FOR EACH UNINTENTIONAL FAILURE OR VIOLATION, UP TO AN AGGREGATE CIVIL PENALTY  
26 OF TWO THOUSAND FIVE HUNDRED DOLLARS.

27           2. IMPOSE A CIVIL PENALTY OF NOT MORE THAN TWO THOUSAND FIVE HUNDRED  
28 DOLLARS FOR EACH INTENTIONAL FAILURE OR VIOLATION, UP TO AN AGGREGATE CIVIL  
29 PENALTY OF FIFTEEN THOUSAND DOLLARS.

30           3. ORDER THE LICENSEE TO PROVIDE RESTITUTION TO ANY PARTY INJURED BY  
31 THE LICENSEE'S ACTION.

32           G. THE LICENSEE SHALL PAY ANY CIVIL PENALTY TO THE DIRECTOR WHO SHALL  
33 DEPOSIT IT, PURSUANT TO SECTIONS 35-146 AND 35-147, IN THE STATE GENERAL  
34 FUND. THE CIVIL PENALTY IS IN ADDITION TO ANY OTHER APPLICABLE PENALTY OR  
35 RESTRAINT EITHER IN THIS ARTICLE OR IN ANY OTHER LAW AND MAY BE RECOVERED IN  
36 A CIVIL ACTION BROUGHT BY THE DIRECTOR. FOR THE PURPOSES OF SUBSECTION F OF  
37 THIS SECTION, A SINGLE PUBLICATION, EXHIBITION OR UTTERANCE OF ANY MATTER IN  
38 VIOLATION OF THIS TITLE IS DEEMED ONE VIOLATION OR FAILURE, INCLUDING AN  
39 EDITION OF A NEWSPAPER, BOOK OR MAGAZINE, A SINGLE REPRESENTATION TO AN  
40 AUDIENCE, A SINGLE BROADCAST OVER RADIO OR TELEVISION OR A SINGLE EXHIBITION  
41 OF A MOTION PICTURE.

42           H. THE DIRECTOR SHALL RETAIN THE AUTHORITY TO ENFORCE THIS TITLE AND  
43 IMPOSE ANY PENALTY OR REMEDY AUTHORIZED BY THIS TITLE AGAINST ANY PERSON WHO  
44 IS UNDER INVESTIGATION FOR OR CHARGED WITH A VIOLATION OF THIS TITLE EVEN IF  
45 THE PERSON'S LICENSE HAS BEEN SURRENDERED OR HAS LAPSED BY OPERATION OF LAW.

1           20-296. Procedure after suspension or revocation of license

2           A. ON SUSPENSION OR REVOCATION OF THE LICENSE THE LICENSEE SHALL  
3 DELIVER THE LICENSE TO THE DIRECTOR.

4           B. THE DIRECTOR SHALL NOT AGAIN ISSUE ANY LICENSE UNDER THIS TITLE TO  
5 ANY PERSON WHOSE LICENSE HAS BEEN REVOKED UNTIL ONE YEAR AFTER THE REVOCATION  
6 AND THE PERSON AGAIN QUALIFIES IN ACCORDANCE WITH THE APPLICABLE PROVISIONS  
7 OF THIS TITLE.

8           C. IF THE LICENSE OF A BUSINESS ENTITY IS SUSPENDED OR REVOKED, A  
9 MEMBER, OFFICER OR DIRECTOR OF OR DESIGNATED PRODUCER FOR THE BUSINESS ENTITY  
10 SHALL NOT BE ISSUED A LICENSE OR SERVE AS THE DESIGNATED PRODUCER FOR ANY  
11 LICENSEE DURING THE PERIOD OF THE SUSPENSION OR REVOCATION UNLESS THE  
12 DIRECTOR DETERMINES THAT THE MEMBER, OFFICER, DIRECTOR OR DESIGNATED PRODUCER  
13 WAS NOT PERSONALLY AT FAULT AND DID NOT ACQUIESCE IN THE MATTER THAT RESULTED  
14 IN THE SUSPENSION OR REVOCATION OF THE LICENSE.

15           20-297. Assumed business name; trade name

16           A. AN INSURANCE PRODUCER DOING BUSINESS UNDER ANY NAME OTHER THAN THE  
17 PRODUCER'S LEGAL NAME SHALL NOTIFY THE DIRECTOR ON A FORM PRESCRIBED BY THE  
18 DIRECTOR BEFORE USING THE ASSUMED NAME.

19           B. THE DIRECTOR MAY DENY THE USE OF AN ASSUMED BUSINESS NAME, REQUIRE  
20 THE USE OF A DIFFERENT ASSUMED BUSINESS NAME OR REQUIRE THE USE OF AN ASSUMED  
21 BUSINESS NAME IF AN INSURANCE PRODUCER USES OR PROPOSES TO USE AN ASSUMED  
22 BUSINESS NAME THAT EITHER:

23           1. IS SO SIMILAR TO THE LEGAL NAME OR NAME ALREADY ASSUMED UNDER THIS  
24 SECTION BY ANY OTHER LICENSED INSURANCE PRODUCER SO AS TO CAUSE UNCERTAINTY  
25 OR CONFUSION.

26           2. TENDS TO DECEIVE OR MISLEAD THE PUBLIC AS TO THE NATURE OF THE  
27 BUSINESS THAT IS OR WILL BE CONDUCTED.

28           C. AN INSURANCE PRODUCER SHALL NOTIFY THE DIRECTOR IN WRITING WITHIN  
29 THIRTY DAYS AFTER ANY MATERIAL CHANGE TO THE INFORMATION FILED WITH THE  
30 DIRECTOR UNDER THIS SECTION.

31           D. THE DIRECTOR SHALL NOT ISSUE ANY LICENSE IN A TRADE NAME EXCEPT TO  
32 A BUSINESS ENTITY AND ON PROOF SATISFACTORY TO THE DIRECTOR THAT THE TRADE  
33 NAME HAS BEEN LAWFULLY REGISTERED.

34           20-298. Commissions

35           A. AN INSURER OR INSURANCE PRODUCER SHALL NOT PAY A COMMISSION,  
36 SERVICE FEE, BROKERAGE OR OTHER VALUABLE CONSIDERATION TO A PERSON FOR  
37 SELLING, SOLICITING OR NEGOTIATING INSURANCE IN THIS STATE IF THAT PERSON IS  
38 REQUIRED TO BE LICENSED UNDER THIS ARTICLE AND IS NOT SO LICENSED.

39           B. A PERSON SHALL NOT ACCEPT A COMMISSION, SERVICE FEE, BROKERAGE OR  
40 OTHER VALUABLE CONSIDERATION FOR SELLING, SOLICITING OR NEGOTIATING INSURANCE  
41 IN THIS STATE IF THAT PERSON IS REQUIRED TO BE LICENSED UNDER THIS ARTICLE  
42 AND IS NOT SO LICENSED.

43           C. RENEWAL OR OTHER DEFERRED COMMISSIONS MAY BE PAID TO A PERSON FOR  
44 SELLING, SOLICITING OR NEGOTIATING INSURANCE IN THIS STATE IF THE PERSON WAS

1 REQUIRED TO BE LICENSED UNDER THIS ARTICLE AT THE TIME OF THE SALE,  
2 SOLICITATION OR NEGOTIATION AND WAS SO LICENSED AT THAT TIME.

3 D. AN INSURER OR INSURANCE PRODUCER MAY PAY OR ASSIGN COMMISSIONS,  
4 SERVICE FEES, BROKERAGES OR OTHER VALUABLE CONSIDERATION TO AN INSURANCE  
5 AGENCY OR TO PERSONS WHO DO NOT SELL, SOLICIT OR NEGOTIATE INSURANCE IN THIS  
6 STATE, UNLESS THE PAYMENT WOULD VIOLATE SECTION 20-451.

7 E. THIS SECTION DOES NOT AFFECT PAYMENT OF THE REGULAR SALARIES DUE  
8 TO A LICENSEE'S EMPLOYEES OR THE DISTRIBUTION IN THE REGULAR COURSE OF  
9 BUSINESS OF COMPENSATION AND PROFITS AMONG A BUSINESS ENTITY'S MEMBERS OR  
10 OTHER OWNERS.

11 20-299. Sharing of information

12 A. THE DIRECTOR MAY:

13 1. SHARE ANY NONPUBLIC DOCUMENT, MATERIAL OR OTHER INFORMATION WITH  
14 OTHER STATE, FEDERAL AND INTERNATIONAL REGULATORY AGENCIES, WITH THE NATIONAL  
15 ASSOCIATION OF INSURANCE COMMISSIONERS AND ITS AFFILIATES OR SUBSIDIARIES AND  
16 WITH STATE, FEDERAL AND INTERNATIONAL LAW ENFORCEMENT AUTHORITIES, IF THE  
17 RECIPIENT AGREES TO MAINTAIN THE CONFIDENTIALITY AND PRIVILEGED STATUS OF THE  
18 DOCUMENT, MATERIAL OR OTHER INFORMATION AND WARRANTS THAT IT HAS THE  
19 AUTHORITY TO MAINTAIN THAT CONFIDENTIALITY AND PRIVILEGED STATUS.

20 2. RECEIVE ANY DOCUMENT, MATERIAL OR OTHER INFORMATION FROM THE  
21 NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS AND ITS AFFILIATES OR  
22 SUBSIDIARIES AND FROM REGULATORY AND LAW ENFORCEMENT OFFICIALS OF OTHER  
23 FOREIGN OR DOMESTIC JURISDICTIONS AND SHALL MAINTAIN AS CONFIDENTIAL OR  
24 PRIVILEGED ANY DOCUMENT, MATERIAL OR OTHER INFORMATION RECEIVED WITH NOTICE  
25 OR THE UNDERSTANDING THAT IT IS CONFIDENTIAL OR PRIVILEGED UNDER THE LAWS OF  
26 THE JURISDICTION THAT IS THE SOURCE OF THE DOCUMENT, MATERIAL OR OTHER  
27 INFORMATION.

28 3. ENTER INTO AGREEMENTS THAT GOVERN THE SHARING AND USE OF DOCUMENTS,  
29 MATERIALS OR OTHER INFORMATION AND THAT ARE CONSISTENT WITH THIS SUBSECTION.

30 B. ANY DISCLOSURE TO THE DIRECTOR OR SHARING OF DOCUMENTS, MATERIALS  
31 OR OTHER INFORMATION IN ACCORDANCE WITH THIS SECTION IS NOT A WAIVER OF ANY  
32 APPLICABLE PRIVILEGE OR CLAIM OF CONFIDENTIALITY IN ANY DOCUMENT, MATERIAL  
33 OR OTHER INFORMATION.

34 20-300. Reciprocity

35 A. THE DIRECTOR SHALL WAIVE ANY REQUIREMENTS, EXCEPT THE REQUIREMENTS  
36 PRESCRIBED IN SECTION 20-287, FOR A NONRESIDENT LICENSE APPLICANT WHO HOLDS  
37 A LICENSE IN GOOD STANDING FROM THE APPLICANT'S HOME STATE IF THE APPLICANT'S  
38 HOME STATE ISSUES NONRESIDENT LICENSES TO RESIDENTS OF THIS STATE ON THE SAME  
39 BASIS.

40 B. A NONRESIDENT INSURANCE PRODUCER WHO SATISFIES THE CONTINUING  
41 EDUCATION REQUIREMENTS FOR A LICENSED INSURANCE PRODUCER IN THE PRODUCER'S  
42 HOME STATE ALSO SATISFIES THIS STATE'S CONTINUING EDUCATION REQUIREMENTS IF  
43 THE NONRESIDENT PRODUCER'S HOME STATE RECOGNIZES THE SATISFACTION OF ITS  
44 CONTINUING EDUCATION REQUIREMENTS IMPOSED ON PRODUCERS FROM THIS STATE ON THE  
45 SAME BASIS.

1           20-301. Report of actions

2           A. WITHIN THIRTY DAYS AFTER THE FINAL DISPOSITION OF THE MATTER, AN  
3 INSURANCE PRODUCER SHALL REPORT TO THE DIRECTOR ANY ADMINISTRATIVE ACTION  
4 TAKEN AGAINST THE PRODUCER IN ANOTHER JURISDICTION OR BY ANOTHER GOVERNMENTAL  
5 AGENCY IN THIS STATE. THE REPORT SHALL INCLUDE A COPY OF THE ORDER, CONSENT  
6 TO ORDER OR OTHER RELEVANT DISPOSITIVE DOCUMENT.

7           B. WITHIN THIRTY DAYS AFTER THE INITIAL PRETRIAL HEARING DATE, AN  
8 INSURANCE PRODUCER SHALL REPORT TO THE DIRECTOR ANY CRIMINAL PROSECUTION OF  
9 THE PRODUCER TAKEN IN ANY JURISDICTION. THE REPORT SHALL INCLUDE A COPY OF  
10 THE INITIAL COMPLAINT FILED, THE ORDER RESULTING FROM THE HEARING AND ALL  
11 OTHER RELEVANT LEGAL DOCUMENTS.

12           20-302. Rules

13           THE DIRECTOR MAY ADOPT RULES PURSUANT TO TITLE 41, CHAPTER 6 TO CARRY  
14 OUT THIS ARTICLE.

15           Sec. 13. Title 20, chapter 2, Arizona Revised Statutes, is amended by  
16 adding articles 3.1, 3.2, 3.3 and 3.4, to read:

17                     ARTICLE 3.1. MANAGING GENERAL AGENTS

18           20-311. Definition of managing general agent; exceptions;  
19                     adjustment or payment of claims

20           A. IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES, "MANAGING  
21 GENERAL AGENT" MEANS ANY PERSON, FIRM, ASSOCIATION OR CORPORATION THAT  
22 NEGOTIATES AND BINDS CEDING REINSURANCE CONTRACTS ON BEHALF OF AN INSURER OR  
23 THAT MANAGES ALL OR PART OF THE INSURANCE BUSINESS OF AN INSURER, INCLUDING  
24 THE MANAGEMENT OF A SEPARATE DIVISION, DEPARTMENT OR UNDERWRITING OFFICE,  
25 THAT ACTS AS AN INSURANCE PRODUCER OR AGENT FOR THE INSURER AND THAT, WITH  
26 OR WITHOUT AUTHORITY AND EITHER SEPARATELY OR TOGETHER WITH AFFILIATES,  
27 DIRECTLY OR INDIRECTLY PRODUCES AND UNDERWRITES AN AMOUNT OF GROSS DIRECT  
28 WRITTEN PREMIUM THAT IS AT LEAST FIVE PER CENT OF THE POLICYHOLDER SURPLUS  
29 AS REPORTED IN THE LAST ANNUAL STATEMENT OF THE INSURER IN ANY ONE QUARTER  
30 OR YEAR AND THAT EITHER:

31                 1. ENGAGES IN THE ADJUSTMENT OR PAYMENT OF CLAIMS.

32                 2. NEGOTIATES REINSURANCE ON BEHALF OF THE INSURER.

33           B. NOTWITHSTANDING SUBSECTION A OF THIS SECTION, FOR THE PURPOSES OF  
34 THIS ARTICLE THE FOLLOWING PERSONS ARE NOT MANAGING GENERAL AGENTS:

35                 1. AN EMPLOYEE OF THE INSURER.

36                 2. A UNITED STATES MANAGER OF THE UNITED STATES BRANCH OF AN ALIEN  
37 INSURER.

38                 3. AN UNDERWRITING MANAGER WHO, PURSUANT TO CONTRACT, MANAGES ALL OF  
39 THE INSURANCE OPERATIONS OF THE INSURER OTHER THAN THOSE OPERATIONS THAT ARE  
40 MANAGED BY THE INSURER, WHO IS UNDER COMMON CONTROL WITH THE INSURER, SUBJECT  
41 TO THE HOLDING COMPANY REGULATORY ACT, AND WHOSE COMPENSATION IS NOT BASED  
42 ON THE VOLUME OF PREMIUMS WRITTEN.

43                 4. THE ATTORNEY-IN-FACT WHO IS AUTHORIZED BY AND ACTING FOR THE  
44 SUBSCRIBERS OF A RECIPROCAL INSURER OR INTER-INSURANCE EXCHANGE UNDER POWERS  
45 OF ATTORNEY.



1           5. A REINSURANCE INTERMEDIARY BROKER OR A REINSURANCE INTERMEDIARY  
2 MANAGER AS DEFINED IN SECTION 20-486, WHO PROVIDES ADMINISTRATIVE SERVICES  
3 FOR AN INSURER AND WHOSE COMPENSATION CONSISTS ONLY OF REMUNERATION NOT  
4 RELATED DIRECTLY OR INDIRECTLY TO DIRECT WRITTEN PREMIUM. FOR THE PURPOSES  
5 OF THIS PARAGRAPH REINSURANCE COMMISSIONS SHALL NOT BE CONSIDERED  
6 REMUNERATION RELATED TO DIRECT WRITTEN PREMIUM.

7           C. THE DIRECTOR SHALL ESTABLISH BY RULE THE DOLLAR AMOUNT OF ADJUSTED  
8 OR PAID CLAIMS THAT CONSTITUTES ENGAGING IN THE ADJUSTMENT OR PAYMENT OF  
9 CLAIMS.

10           20-311.01. Licensing of managing general agents; surety  
11                                   deposit; definition

12           A. A PERSON IN THIS STATE SHALL NOT ACT AS A MANAGING GENERAL AGENT  
13 OF AN INSURER OR UNDERWRITER'S DEPARTMENT UNLESS THE PERSON IS LICENSED BY  
14 THE DIRECTOR. A PERSON SHALL APPLY FOR THE LICENSE ON FORMS DESIGNATED AND  
15 PROVIDED BY THE DIRECTOR. THE DIRECTOR SHALL ISSUE THE LICENSE ON COMPLETION  
16 AND FILING OF THE APPLICATION AND PAYMENT OF THE LICENSE FEE PRESCRIBED IN  
17 SECTION 20-167.

18           B. THE LICENSE EXPIRES AS PRESCRIBED IN SECTION 20-289. THE DIRECTOR  
19 MAY SUSPEND OR REVOKE THE LICENSE OR LICENSES OF A MANAGING GENERAL AGENT FOR  
20 ANY OF THE SAME CAUSES AND PURSUANT TO THE SAME PROCEDURES THAT APPLY TO  
21 INSURANCE PRODUCER LICENSES UNDER ARTICLE 3 OF THIS CHAPTER.

22           C. ALL MANAGING GENERAL AGENTS SHALL MAINTAIN A DEPOSIT ACCORDING TO  
23 SECTION 20-581 IN FAVOR OF THIS STATE TO BE HELD IN TRUST FOR THE BENEFIT AND  
24 PROTECTION OF INSURED AND INSURERS WHOSE MONIES THE MANAGING GENERAL AGENT  
25 HANDLES THAT CONSISTS OF ANY OF THE FOLLOWING:

26               1. CASH.

27               2. SECURITIES ELIGIBLE FOR INVESTMENT PURSUANT TO CHAPTER 3, ARTICLES  
28 1 AND 2 OF THIS TITLE.

29               3. SURETY INSURANCE AS DEFINED IN SECTION 20-257 IN A FORM ACCEPTABLE  
30 TO THE DIRECTOR AND ISSUED BY A CORPORATE SURETY AUTHORIZED TO TRANSACT  
31 BUSINESS IN THIS STATE. THE SURETY INSURANCE MAY INCLUDE INDIVIDUAL BONDS  
32 OR SCHEDULE OR BLANKET FORMS OF BONDS.

33           D. THE AMOUNT OF THE DEPOSIT REQUIRED BY SUBSECTION C OF THIS SECTION  
34 IS TEN PER CENT OF THE AMOUNT OF TOTAL MONIES HANDLED BY THE MANAGING GENERAL  
35 AGENT ON BEHALF OF INSURERS POSSESSING A CERTIFICATE OF AUTHORITY ISSUED BY  
36 THE DIRECTOR TO TRANSACT INSURANCE IN THIS STATE UNLESS THE DIRECTOR  
37 DETERMINES THAT A LESSER AMOUNT IS ADEQUATE FOR THE PROTECTION OF THE PUBLIC,  
38 EXCEPT THAT THE DEPOSIT SHALL NOT BE LESS THAN FIFTY THOUSAND DOLLARS OR MORE  
39 THAN ONE HUNDRED THOUSAND DOLLARS. THE AMOUNT OF THE DEPOSIT SHALL BE  
40 DETERMINED BY THE TOTAL MONIES HANDLED BY THE MANAGING GENERAL AGENT DURING  
41 THE PRECEDING YEAR, OR IF NO MONIES WERE HANDLED DURING THE PRECEDING YEAR,  
42 THE AMOUNT OF MONIES REASONABLY ESTIMATED TO BE HANDLED DURING THE CURRENT  
43 CALENDAR YEAR BY THE MANAGING GENERAL AGENT. THE AMOUNT OF THE DEPOSIT IS  
44 PAYABLE ON THE FAILURE OF THE MANAGING GENERAL AGENT TO PAY FUNDS THAT IT IS

1 LEGALLY OBLIGATED TO PAY AND SHALL PROVIDE PROTECTION TO THE INSURERS AND  
2 INSURED OF THIS STATE AGAINST LOSS BY REASON OF ACTS OF FRAUD OR DISHONESTY.

3 E. THE DIRECTOR MAY REQUIRE A MANAGING GENERAL AGENT TO MAINTAIN AN  
4 ERRORS AND OMISSIONS POLICY.

5 F. FOR PURPOSES OF THIS SECTION, "MONIES" MEANS THE TOTAL AMOUNT OF  
6 GROSS WRITTEN PREMIUM LESS GROSS RETURN PREMIUM.

7 20-311.02. Requirements for managing general agent agreements

8 A. A PERSON, FIRM, ASSOCIATION OR CORPORATION ACTING IN THE CAPACITY  
9 OF A MANAGING GENERAL AGENT SHALL NOT PLACE BUSINESS WITH AN INSURER UNLESS  
10 THERE IS IN FORCE A WRITTEN CONTRACT BETWEEN THE PARTIES THAT SETS FORTH THE  
11 RESPONSIBILITIES OF EACH PARTY AND, IF BOTH PARTIES SHARE RESPONSIBILITY FOR  
12 A PARTICULAR FUNCTION, SPECIFIES THE DIVISION OF THE RESPONSIBILITIES. THE  
13 CONTRACT SHALL CONTAIN THE FOLLOWING MINIMUM PROVISIONS:

14 1. THE INSURER MAY TERMINATE THE CONTRACT FOR CAUSE ON WRITTEN NOTICE  
15 TO THE MANAGING GENERAL AGENT. THE INSURER MAY SUSPEND THE UNDERWRITING  
16 AUTHORITY OF THE MANAGING GENERAL AGENT DURING THE PENDENCY OF A DISPUTE  
17 REGARDING THE CAUSE FOR TERMINATION.

18 2. AT LEAST EACH MONTH THE MANAGING GENERAL AGENT SHALL RENDER  
19 ACCOUNTS TO THE INSURER DETAILING ALL TRANSACTIONS AND REMIT ALL MONIES DUE  
20 UNDER THE CONTRACT TO THE INSURER.

21 3. THE MANAGING GENERAL AGENT SHALL HOLD IN A FIDUCIARY CAPACITY ALL  
22 MONIES THAT ARE COLLECTED FOR THE ACCOUNT OF AN INSURER IN A BANK THAT IS A  
23 MEMBER OF THE FEDERAL RESERVE SYSTEM. THE ACCOUNT SHALL BE USED FOR ALL  
24 PAYMENTS ON BEHALF OF THE INSURER. THE MANAGING GENERAL AGENT MAY RETAIN NO  
25 MORE THAN THREE MONTHS' ESTIMATED CLAIMS PAYMENTS AND ALLOCATED LOSS  
26 ADJUSTMENT EXPENSES.

27 4. THE MANAGING GENERAL AGENT SHALL MAINTAIN SEPARATE RECORDS OF  
28 BUSINESS THAT IS WRITTEN BY THE MANAGING GENERAL AGENT. THE INSURER SHALL  
29 HAVE ACCESS TO AND THE RIGHT TO COPY ALL ACCOUNTS AND RECORDS RELATED TO ITS  
30 BUSINESS IN A FORM USABLE BY THE INSURER. THE DIRECTOR SHALL HAVE ACCESS TO  
31 ALL BOOKS, BANK ACCOUNTS AND RECORDS OF THE MANAGING GENERAL AGENT IN A FORM  
32 USABLE TO THE DIRECTOR.

33 5. THE MANAGING GENERAL AGENT MAY NOT ASSIGN THE CONTRACT IN WHOLE OR  
34 IN PART.

35 6. APPROPRIATE UNDERWRITING GUIDELINES, INCLUDING:

36 (a) THE MAXIMUM ANNUAL PREMIUM VOLUME.

37 (b) THE BASIS OF THE RATES TO BE CHARGED.

38 (c) THE TYPES OF RISKS THAT MAY BE WRITTEN.

39 (d) MAXIMUM LIMITS OF LIABILITY.

40 (e) APPLICABLE EXCLUSIONS.

41 (f) TERRITORIAL LIMITATIONS.

42 (g) POLICY CANCELLATION PROVISIONS.

43 (h) THE MAXIMUM POLICY PERIOD.

44 7. THE INSURER MAY CANCEL OR REFUSE TO RENEW AN INSURANCE POLICY  
45 SUBJECT TO APPLICABLE LAWS AND RULES.

1           8. IF THE CONTRACT PERMITS THE MANAGING GENERAL AGENT TO SETTLE CLAIMS  
2 ON BEHALF OF THE INSURER:

3           (a) ALL CLAIMS SHALL BE REPORTED TO THE COMPANY IN A TIMELY MANNER.

4           (b) A COPY OF THE CLAIM FILE SHALL BE SENT TO THE INSURER ON REQUEST  
5 OR AS SOON AS IT BECOMES KNOWN THAT THE CLAIM:

6           (i) MAY EXCEED AN AMOUNT DETERMINED BY THE DIRECTOR OR EXCEEDS THE  
7 LIMIT SET BY THE COMPANY, WHICHEVER IS LESS.

8           (ii) INVOLVES A COVERAGE DISPUTE.

9           (iii) MAY EXCEED THE MANAGING GENERAL AGENT'S CLAIMS SETTLEMENT  
10 AUTHORITY.

11           (iv) IS OPEN FOR MORE THAN SIX MONTHS.

12           (v) IS CLOSED BY PAYMENT OF AN AMOUNT SET BY THE DIRECTOR OR AN AMOUNT  
13 SET BY THE COMPANY, WHICHEVER IS LESS.

14           (c) ALL CLAIM FILES ARE THE JOINT PROPERTY OF THE INSURER AND THE  
15 MANAGING GENERAL AGENT. ON AN ORDER OF LIQUIDATION OF THE INSURER THE FILES  
16 BECOME THE SOLE PROPERTY OF THE INSURER OR ITS ESTATE. THE MANAGING GENERAL  
17 AGENT SHALL HAVE REASONABLE ACCESS TO AND THE RIGHT TO COPY THE FILES ON A  
18 TIMELY BASIS.

19           (d) ANY SETTLEMENT AUTHORITY THAT IS GRANTED TO THE MANAGING GENERAL  
20 AGENT MAY BE TERMINATED FOR CAUSE ON THE INSURER'S WRITTEN NOTICE TO THE  
21 MANAGING GENERAL AGENT OR ON THE TERMINATION OF THE CONTRACT. THE INSURER  
22 MAY SUSPEND THE SETTLEMENT AUTHORITY DURING THE PENDENCY OF A DISPUTE  
23 REGARDING THE CAUSE FOR TERMINATION.

24           9. IF ELECTRONIC CLAIMS FILES EXIST, PROVISIONS ON THE TIMELY  
25 TRANSMISSION OF THE DATA.

26           10. IF THE CONTRACT PROVIDES FOR THE SHARING OF INTERIM PROFITS BY THE  
27 MANAGING GENERAL AGENT, AND THE MANAGING GENERAL AGENT HAS THE AUTHORITY TO  
28 DETERMINE THE AMOUNT OF THE INTERIM PROFITS BY ESTABLISHING LOSS RESERVES,  
29 CONTROLLING CLAIM PAYMENTS OR ANY OTHER MANNER, INTERIM PROFITS SHALL NOT BE  
30 PAID TO THE MANAGING GENERAL AGENT UNTIL ONE YEAR AFTER THE INTERIM PROFITS  
31 ARE EARNED FOR PROPERTY INSURANCE BUSINESS OR FIVE YEARS AFTER THE INTERIM  
32 PROFITS ARE EARNED ON CASUALTY BUSINESS AND THE INTERIM PROFITS HAVE BEEN  
33 VERIFIED PURSUANT TO SUBSECTION B OF THIS SECTION.

34           11. THE MANAGING GENERAL AGENT SHALL NOT:

35           (a) BIND REINSURANCE OR RETROCESSIONS ON BEHALF OF THE INSURER, EXCEPT  
36 THAT THE MANAGING GENERAL AGENT MAY BIND FACULTATIVE REINSURANCE CONTRACTS  
37 PURSUANT TO OBLIGATORY FACULTATIVE AGREEMENTS IF THE CONTRACT WITH THE  
38 INSURER CONTAINS REINSURANCE UNDERWRITING GUIDELINES INCLUDING, FOR BOTH  
39 REINSURANCE ASSUMED AND CEDED, A LIST OF REINSURERS WITH WHOM THE AUTOMATIC  
40 AGREEMENTS ARE IN EFFECT, THE COVERAGES AND AMOUNTS OR PERCENTAGES THAT MAY  
41 BE REINSURED AND COMMISSION SCHEDULES.

42           (b) COMMIT THE INSURER TO PARTICIPATION IN INSURANCE OR REINSURANCE  
43 SYNDICATES.

1 (c) APPOINT A PRODUCER WITHOUT ASSURING THAT THE PRODUCER IS LAWFULLY  
2 LICENSED TO TRANSACT THE TYPE OF INSURANCE FOR WHICH THE PRODUCER IS  
3 APPOINTED.

4 (d) WITHOUT PRIOR APPROVAL OF THE INSURER, PAY OR COMMIT THE INSURER  
5 TO PAY A CLAIM OVER A SPECIFIED AMOUNT, NET OF REINSURANCE, THAT DOES NOT  
6 EXCEED ONE PER CENT OF THE INSURER'S POLICYHOLDER'S SURPLUS AS OF DECEMBER  
7 31 OF THE LAST COMPLETED CALENDAR YEAR.

8 (e) WITHOUT PRIOR APPROVAL OF THE INSURER, COLLECT ANY PAYMENT FROM  
9 A REINSURER OR COMMIT THE INSURER TO ANY CLAIM SETTLEMENT WITH A REINSURER.  
10 IF PRIOR APPROVAL IS GIVEN, A REPORT SHALL BE FORWARDED PROMPTLY TO THE  
11 INSURER.

12 (f) PERMIT ITS SUBPRODUCER TO SERVE ON THE INSURER'S BOARD OF  
13 DIRECTORS.

14 (g) EMPLOY JOINTLY AN INDIVIDUAL WHO IS EMPLOYED BY THE INSURER.

15 (h) APPOINT A SUBMANAGING GENERAL AGENT.

16 B. WITH RESPECT TO ITS MANAGING GENERAL AGENT, AN INSURER SHALL:

17 1. HAVE AN INDEPENDENT FINANCIAL EXAMINATION OF EACH MANAGING GENERAL  
18 AGENT IT DOES BUSINESS WITH ON FILE IN A FORM ACCEPTABLE TO THE DIRECTOR.

19 2. NOTWITHSTANDING ANY OTHER REQUIRED LOSS RESERVE CERTIFICATION, IF  
20 THE MANAGING GENERAL AGENT ESTABLISHES LOSS RESERVES, ANNUALLY OBTAIN AN  
21 ACTUARY'S OPINION ATTESTING TO THE ADEQUACY OF THE LOSS RESERVES ESTABLISHED  
22 FOR LOSSES INCURRED AND OUTSTANDING ON BUSINESS THAT IS PRODUCED BY THE  
23 MANAGING GENERAL AGENT.

24 3. CONDUCT SEMIANNUALLY AN ON-SITE REVIEW OF THE MANAGING GENERAL  
25 AGENT'S UNDERWRITING AND CLAIMS PROCESSING OPERATIONS.

26 4. GIVE TO AN OFFICER OF THE INSURER WHO IS NOT AFFILIATED WITH THE  
27 MANAGING GENERAL AGENT BINDING AUTHORITY FOR ALL REINSURANCE CONTRACTS OR  
28 PARTICIPATION IN INSURANCE OR REINSURANCE SYNDICATES.

29 5. WITHIN THIRTY DAYS OF ENTERING INTO OR TERMINATING A CONTRACT WITH  
30 A MANAGING GENERAL AGENT, PROVIDE TO THE DIRECTOR WRITTEN NOTIFICATION OF THE  
31 APPOINTMENT OR TERMINATION. A NOTICE OF APPOINTMENT OF A MANAGING GENERAL  
32 AGENT SHALL INCLUDE A STATEMENT OF THE DUTIES THAT THE APPLICANT SHALL  
33 PERFORM ON BEHALF OF THE INSURER, THE LINES OF INSURANCE FOR WHICH THE  
34 APPLICANT SHALL BE AUTHORIZED TO ACT AND ANY OTHER INFORMATION THE DIRECTOR  
35 MAY REQUEST.

36 6. REVIEW ITS BOOKS AND RECORDS EACH QUARTER TO DETERMINE IF A  
37 PRODUCER HAS BECOME, BY OPERATION, A MANAGING GENERAL AGENT. IF THE INSURER  
38 DETERMINES THAT A PRODUCER HAS BECOME A MANAGING GENERAL AGENT, THE INSURER  
39 PROMPTLY SHALL NOTIFY THE PRODUCER AND THE DIRECTOR OF THE  
40 DETERMINATION. THE INSURER AND THE PRODUCER SHALL COMPLY WITH THIS SECTION  
41 WITHIN THIRTY DAYS.

42 C. AN INSURER SHALL NOT APPOINT TO ITS BOARD OF DIRECTORS AN OFFICER,  
43 DIRECTOR, EMPLOYEE, SUBPRODUCER OR CONTROLLING SHAREHOLDER OF ITS MANAGING  
44 GENERAL AGENTS. THIS SUBSECTION DOES NOT APPLY TO RELATIONSHIPS THAT ARE

1 GOVERNED BY THE INSURANCE HOLDING COMPANY ACT OR, IF APPLICABLE, THE PRODUCER  
2 CONTROLLED INSURER ACT.

3 D. THE ACTS OF THE MANAGING GENERAL AGENT ARE CONSIDERED TO BE THE  
4 ACTS OF THE INSURER ON WHOSE BEHALF THE MANAGING GENERAL AGENT IS ACTING. A  
5 MANAGING GENERAL AGENT MAY BE EXAMINED AS IF THE MANAGING GENERAL AGENT WERE  
6 THE INSURER.

7 E. IF AFTER A HEARING THE DIRECTOR FINDS THAT A PERSON HAS VIOLATED  
8 THIS SECTION, THE DIRECTOR MAY ORDER:

9 1. FOR EACH SEPARATE VIOLATION, A CIVIL PENALTY IN AN AMOUNT OF UP TO  
10 ONE THOUSAND DOLLARS.

11 2. REVOCATION OR SUSPENSION OF THE PRODUCER'S LICENSE.

12 3. THE MANAGING GENERAL AGENT TO REIMBURSE THE INSURER OR THE  
13 REHABILITATOR OR LIQUIDATOR OF THE INSURER FOR ANY LOSSES INCURRED BY THE  
14 INSURER THAT ARE CAUSED BY AN ACT THAT IS COMMITTED BY THE MANAGING GENERAL  
15 AGENT IN VIOLATION OF THIS SECTION.

16 F. NOTHING CONTAINED IN THIS SECTION AFFECTS THE RIGHT OF THE DIRECTOR  
17 TO IMPOSE ANY OTHER PENALTIES PURSUANT TO THIS TITLE.

18 G. NOTHING CONTAINED IN THIS SECTION LIMITS OR RESTRICTS THE RIGHTS  
19 OF POLICYHOLDERS, CLAIMANTS AND AUDITORS.

20 H. THE DIRECTOR MAY ADOPT RULES FOR THE IMPLEMENTATION AND  
21 ADMINISTRATION OF THIS SECTION.

22 I. EXCEPT AS PROVIDED IN SECTION 41-1092.08, SUBSECTION H, THE FINAL  
23 DECISION, DETERMINATION OR ORDER OF THE DIRECTOR PURSUANT TO SUBSECTION E OF  
24 THIS SECTION IS SUBJECT TO JUDICIAL REVIEW PURSUANT TO TITLE 12, CHAPTER 7,  
25 ARTICLE 6.

26 20-311.03. Application of other laws

27 TO THE EXTENT NOT INCONSISTENT WITH THIS ARTICLE, SECTIONS 20-281, AND  
28 20-289, SECTION 20-290, SUBSECTION A AND SECTIONS 20-291, 20-292, 20-295,  
29 20-296, 20-297, 20-298, 20-299, 20-301 AND 20-302 APPLY TO MANAGING GENERAL  
30 AGENTS.

31 ARTICLE 3.2. ADJUSTERS

32 20-321. Definition of adjuster; exception

33 A. IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES, "ADJUSTER"  
34 MEANS ANY PERSON WHO FOR COMPENSATION AS AN INDEPENDENT CONTRACTOR, OR AS THE  
35 EMPLOYEE OF THE INDEPENDENT CONTRACTOR, OR FOR FEE OR COMMISSION INVESTIGATES  
36 AND NEGOTIATES SETTLEMENT OF CLAIMS ARISING UNDER INSURANCE CONTRACTS, ON  
37 BEHALF OF EITHER THE INSURER OR THE INSURED.

38 B. A LICENSED ATTORNEY-AT-LAW WHO IS QUALIFIED TO PRACTICE LAW IN THIS  
39 STATE, A SALARIED EMPLOYEE OF AN INSURER OR OF A MANAGING GENERAL AGENT, OR  
40 A LICENSED INSURANCE PRODUCER WHO ADJUSTS OR ASSISTS IN ADJUSTMENT OF LOSSES  
41 ARISING UNDER POLICIES PROCURED THROUGH THE INSURANCE PRODUCER IS NOT AN  
42 ADJUSTER FOR THE PURPOSES OF THIS ARTICLE.

43 20-321.01. Licensing of adjusters; qualifications; exemption

44 A. A PERSON SHALL NOT ACT AS OR CLAIM TO BE AN ADJUSTER UNLESS THE  
45 PERSON IS LICENSED UNDER THIS ARTICLE.

1 B. TO OBTAIN A LICENSE AS AN ADJUSTER A PERSON SHALL APPLY TO THE  
2 DIRECTOR FOR THE LICENSE AND USE THE FORMS PRESCRIBED AND PROVIDED BY THE  
3 DIRECTOR. THE DIRECTOR SHALL ISSUE THE LICENSE TO QUALIFIED PERSONS ON  
4 PAYMENT OF THE LICENSE FEE PRESCRIBED IN SECTION 20-167.

5 C. TO BE LICENSED AS AN ADJUSTER THE APPLICANT SHALL MEET ALL OF THE  
6 FOLLOWING QUALIFICATIONS:

7 1. BE A PERSON WHO IS AT LEAST EIGHTEEN YEARS OF AGE.

8 2. BE A RESIDENT OF THIS STATE, OR A RESIDENT OF ANOTHER STATE THAT  
9 ALLOWS RESIDENTS OF THIS STATE TO ACT AS ADJUSTERS IN THE OTHER STATE.

10 3. TAKE AND PASS AN EXAMINATION THAT IS GIVEN BY OR UNDER THE  
11 SUPERVISION OF THE DIRECTOR AND THAT REASONABLY TESTS THE APPLICANT'S  
12 KNOWLEDGE OF INSURANCE AND LEGAL RESPONSIBILITIES AS AN ADJUSTER.

13 4. HAVE AND MAINTAIN IN THIS STATE AN OFFICE ACCESSIBLE TO THE PUBLIC  
14 AND KEEP AT THE OFFICE THE USUAL AND CUSTOMARY RECORDS PERTAINING TO  
15 TRANSACTIONS UNDER THE LICENSE. THIS PARAGRAPH DOES NOT PROHIBIT MAINTAINING  
16 AN OFFICE IN THE HOME OF THE LICENSEE.

17 D. A FIRM OR CORPORATION, WHETHER OR NOT ORGANIZED UNDER THE LAWS OF  
18 THIS STATE, MAY BE LICENSED AS AN ADJUSTER IF EACH INDIVIDUAL WHO IS TO  
19 EXERCISE THE LICENSE POWERS IS QUALIFIED FOR AN INDIVIDUAL LICENSE AS AN  
20 ADJUSTER.

21 E. AN ADJUSTER WHO IS LICENSED OR PERMITTED TO ACT AS AN ADJUSTER IN  
22 THE STATE OF THE ADJUSTER'S DOMICILE IS NOT REQUIRED TO BE LICENSED PURSUANT  
23 TO THIS SECTION OR MEET THE QUALIFICATIONS PRESCRIBED IN THIS SECTION IF THE  
24 ADJUSTER IS SENT TO THIS STATE ON BEHALF OF AN INSURER FOR THE PURPOSE OF  
25 INVESTIGATING OR MAKING ADJUSTMENT OF A PARTICULAR LOSS UNDER AN INSURANCE  
26 POLICY OR A SERIES OF LOSSES RESULTING FROM A CATASTROPHE COMMON TO ALL THOSE  
27 LOSSES.

28 20-321.02. Application of other laws

29 TO THE EXTENT NOT INCONSISTENT WITH THIS ARTICLE, SECTIONS 20-281,  
30 20-289, 20-291, 20-292, 20-295, 20-296, 20-297, 20-299, 20-301 AND 20-302  
31 APPLY TO ADJUSTERS.

32 ARTICLE 3.3. OTHER INSURANCE PROFESSIONALS

33 20-331. Rental car agents; definitions

34 A. THE DIRECTOR MAY ISSUE TO A RENTAL COMPANY THAT HAS COMPLIED WITH  
35 THE REQUIREMENTS OF THIS SECTION A LICENSE THAT AUTHORIZES THE RENTAL COMPANY  
36 AS A RENTAL CAR AGENT TO OFFER OR SELL INSURANCE IN CONNECTION WITH AND  
37 INCIDENTAL TO RENTAL AGREEMENTS. NOTWITHSTANDING SECTION 20-290, SUBSECTION  
38 B, A RENTAL CAR AGENT IS NOT REQUIRED TO HAVE AN INDIVIDUAL LICENSEE IN EACH  
39 OFFICE OR OTHER RENTAL SITE OR PLACE WHERE INSURANCE IS TRANSACTED.

40 B. AN APPLICANT FOR A RENTAL CAR AGENT LICENSE SHALL FILE WITH THE  
41 DIRECTOR A WRITTEN APPLICATION THAT IS IN A FORM PRESCRIBED BY THE DIRECTOR  
42 AND THAT IS SIGNED BY AN OFFICER OF THE APPLICANT. THE APPLICATION SHALL  
43 SPECIFY ALL LOCATIONS AT WHICH THE LICENSEE MAY CONDUCT BUSINESS UNDER THE  
44 LICENSE. THE LICENSEE SHALL PROVIDE THE DIRECTOR AT LEAST THIRTY DAYS' PRIOR

1 NOTICE BEFORE CONDUCTING BUSINESS UNDER THE LICENSE AT ANY ADDITIONAL  
2 LOCATION.

3 C. A RENTAL CAR AGENT MAY OFFER OR SELL INSURANCE AT THE RENTAL  
4 COMPANY OFFICE OR OTHER RENTAL SITE OR PROCESS A PRESELECTION OF COVERAGE IN  
5 A MASTER, CORPORATE, GROUP OR INDIVIDUAL RENTAL AGREEMENT FOR ANY OF THE  
6 FOLLOWING KINDS OR TYPES OF INSURANCE, SEPARATELY OR IN COMBINATION:

7 1. ACCIDENT AND HEALTH OR SICKNESS INSURANCE THAT PROVIDES COVERAGE,  
8 AS APPLICABLE, TO RENTERS AND OTHER RENTAL VEHICLE OCCUPANTS FOR ACCIDENTAL  
9 DEATH OR DISMEMBERMENT AND REIMBURSEMENT FOR MEDICAL EXPENSES THAT RESULT  
10 FROM AN ACCIDENT THAT OCCURS DURING THE RENTAL PERIOD.

11 2. LIABILITY INSURANCE THAT PROVIDES COVERAGE, AS APPLICABLE, TO  
12 RENTERS AND OTHER AUTHORIZED DRIVERS OF RENTAL VEHICLES FOR LIABILITY THAT  
13 ARISES FROM THE OPERATION OF THE RENTAL VEHICLES, INCLUDING UNINSURED AND  
14 UNDERINSURED MOTORIST COVERAGE SEPARATELY OR IN COMBINATION WITH OTHER  
15 LIABILITY INSURANCE.

16 3. PERSONAL PROPERTY INSURANCE THAT PROVIDES COVERAGE, AS APPLICABLE,  
17 TO RENTERS AND OTHER VEHICLE OCCUPANTS FOR THE LOSS OF OR DAMAGE TO PERSONAL  
18 EFFECTS THAT OCCURS DURING THE RENTAL PERIOD.

19 4. VEHICLE BREAKDOWN COVERAGE.

20 5. PHYSICAL DAMAGE INSURANCE THAT PROVIDES COVERAGE TO RENTERS AND  
21 OTHER AUTHORIZED DRIVERS OF RENTAL VEHICLES FOR PROPERTY DAMAGE LIABILITY  
22 THAT ARISES FROM THE OPERATION OF THE VEHICLE.

23 D. A RENTAL CAR AGENT SHALL NOT OFFER OR SELL INSURANCE PURSUANT TO  
24 THIS SECTION UNLESS:

25 1. THE RENTAL PERIOD OF THE RENTAL AGREEMENT IS NINETY CONSECUTIVE  
26 DAYS OR LESS.

27 2. THE RENTAL CAR AGENT PROVIDES BROCHURES OR OTHER WRITTEN MATERIALS  
28 TO THE PROSPECTIVE RENTER THAT:

29 (a) SUMMARIZE THE MATERIAL TERMS AND CONDITIONS OF COVERAGE OFFERED  
30 TO RENTERS, INCLUDING THE IDENTITY OF THE INSURER.

31 (b) DESCRIBE THE PROCESS FOR FILING A CLAIM.

32 3. THE RENTAL CAR AGENT MAKES THE FOLLOWING DISCLOSURES TO THE RENTER  
33 AND THE RENTER ACKNOWLEDGES THE DISCLOSURES IN WRITING:

34 (a) THAT THE INSURANCE POLICIES OFFERED BY THE RENTAL CAR AGENT MAY  
35 PROVIDE A DUPLICATION OF COVERAGE ALREADY PROVIDED BY A RENTER'S PERSONAL  
36 AUTOMOBILE INSURANCE POLICY OR BY ANOTHER SOURCE OF COVERAGE.

37 (b) THAT THE PURCHASE BY THE RENTER OF THE KINDS OF INSURANCE  
38 PRESCRIBED IN THIS SECTION IS NOT REQUIRED IN ORDER TO RENT A VEHICLE.

39 4. EVIDENCE OF COVERAGE IS STATED ON THE FACE OF THE RENTAL AGREEMENT.

40 5. COSTS FOR THE INSURANCE ARE SEPARATELY ITEMIZED IN THE RENTAL  
41 AGREEMENT.

42 6. THE INSURANCE IS PROVIDED UNDER A GROUP OR MASTER POLICY ISSUED TO  
43 THE RENTAL COMPANY BY AN INSURER AUTHORIZED TO TRANSACT THE APPLICABLE KINDS  
44 OR TYPES OF INSURANCE IN THIS STATE OR BY A SURPLUS LINES INSURER IN  
45 ACCORDANCE WITH ARTICLE 5 OF THIS CHAPTER.

1 E. ANY SALARIED EMPLOYEE OF A RENTAL CAR AGENT MAY ACT ON BEHALF AND  
2 UNDER THE SUPERVISION OF THE RENTAL CAR AGENT IN MATTERS RELATING TO THE  
3 CONDUCT OF BUSINESS UNDER THE LICENSE ISSUED PURSUANT TO THIS SECTION. THE  
4 CONDUCT OF AN EMPLOYEE OR AGENT OF A RENTAL CAR AGENT ACTING WITHIN THE SCOPE  
5 OF EMPLOYMENT OR AGENCY IS DEEMED THE CONDUCT OF THE RENTAL CAR AGENT FOR  
6 PURPOSES OF THIS ARTICLE.

7 F. EACH RENTAL CAR AGENT LICENSED PURSUANT TO THIS SECTION SHALL  
8 CONDUCT A TRAINING PROGRAM THAT PROVIDES EMPLOYEES AND AGENTS OF THE RENTAL  
9 COMPANY WITH BASIC INSTRUCTION ABOUT THE PROVISIONS OF THIS SECTION,  
10 INCLUDING THE KINDS OF COVERAGE PRESCRIBED IN THIS SECTION.

11 G. A RENTAL CAR AGENT SHALL NOT:

12 1. OFFER OR SELL INSURANCE EXCEPT IN CONJUNCTION WITH AND INCIDENTAL  
13 TO RENTAL AGREEMENTS.

14 2. ADVERTISE, REPRESENT OR OTHERWISE PORTRAY ITSELF OR ANY OF ITS  
15 EMPLOYEES OR AGENTS AS LICENSED INSURERS OR INSURANCE PRODUCERS.

16 3. PAY ANY PERSON ANY COMPENSATION, FEE OR COMMISSION DEPENDENT ON THE  
17 PLACEMENT OF INSURANCE UNDER THE LICENSE ISSUED PURSUANT TO THIS SECTION.

18 H. NOTHING IN THIS SECTION PROHIBITS PRODUCTION PAYMENTS OR INCENTIVE  
19 PAYMENTS TO AN EMPLOYEE IF THE PAYMENTS ARE NOT DEPENDENT ON THE SALE OF  
20 INSURANCE.

21 I. TO THE EXTENT NOT INCONSISTENT WITH THIS ARTICLE, SECTIONS 20-281  
22 AND 20-289, SECTION 20-290, SUBSECTION A AND SECTIONS 20-291, 20-292, 20-295,  
23 20-296, 20-297, 20-298, 20-299, 20-301 AND 20-302 APPLY TO RENTAL CAR AGENTS.

24 J. FOR THE PURPOSES OF THIS SECTION:

25 1. "RENTAL AGREEMENT" MEANS ANY WRITTEN AGREEMENT THAT STATES THE  
26 TERMS AND CONDITIONS THAT GOVERN THE USE OF A VEHICLE PROVIDED BY THE RENTAL  
27 COMPANY FOR RENT OR LEASE FOR A RENTAL PERIOD OF NINETY DAYS OR LESS.

28 2. "RENTAL CAR AGENT" MEANS A RENTAL COMPANY THAT IS LICENSED PURSUANT  
29 TO THIS SECTION.

30 3. "RENTAL COMPANY" MEANS ANY FIRM OR CORPORATION IN THE BUSINESS OF  
31 RENTING VEHICLES TO RENTERS UNDER A RENTAL AGREEMENT.

32 4. "RENTAL PERIOD" MEANS THE TERM OF THE RENTAL AGREEMENT.

33 5. "RENTAL VEHICLE" OR "VEHICLE" MEANS A MOTOR VEHICLE OPERATED BY A  
34 DRIVER WHO IS NOT REQUIRED TO POSSESS A COMMERCIAL DRIVER LICENSE TO OPERATE  
35 THE MOTOR VEHICLE AND THE MOTOR VEHICLE IS EITHER:

36 (a) A PRIVATE PASSENGER MOTOR VEHICLE, INCLUDING A PASSENGER VAN,  
37 MINIVAN OR SPORT UTILITY VEHICLE.

38 (b) A CARGO VEHICLE, INCLUDING A CARGO VAN, PICKUP TRUCK AND TRUCK  
39 WITH A GROSS VEHICLE WEIGHT OF LESS THAN TWENTY-SIX THOUSAND POUNDS.

40 6. "RENTER" MEANS ANY PERSON WHO OBTAINS THE USE OF A VEHICLE FROM A  
41 RENTAL COMPANY UNDER THE TERMS OF A RENTAL AGREEMENT.

42 20-331.01. Political subdivision employees; risk management  
43 consultant licenses

44 A. AN EMPLOYEE OF A POLITICAL SUBDIVISION MAY BE LICENSED AS A RISK  
45 MANAGEMENT CONSULTANT FOR THE PURPOSES OF TITLE 11, CHAPTER 7, ARTICLE 5 TO



1 CARRY OUT THE PROVISIONS OF TITLE 11, CHAPTER 7, ARTICLE 5. THE DIRECTOR  
2 SHALL LICENSE THESE EMPLOYEES IN THE SAME MANNER AS INSURANCE PRODUCERS. THE  
3 DIRECTOR MAY WAIVE THE EXAMINATION REQUIREMENT FOR A LICENSE ISSUED PURSUANT  
4 TO THIS SECTION. THE LICENSE AUTOMATICALLY EXPIRES WHEN THE EMPLOYEE  
5 TERMINATES EMPLOYMENT WITH THE POLITICAL SUBDIVISION.

6 B. TO THE EXTENT NOT INCONSISTENT WITH THIS ARTICLE, SECTIONS 20-281,  
7 20-284 AND 20-285, SECTION 20-288, SUBSECTION B AND SECTIONS 20-289, 20-290,  
8 20-291, 20-292, 20-295, 20-296, 20-297, 20-298, 20-299, 20-301 AND 20-302  
9 APPLY TO RISK MANAGEMENT CONSULTANTS.

10 ARTICLE 3.4. BAIL BOND AGENTS AND BAIL RECOVERY AGENTS

11 20-341. Definitions

12 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

13 1. "BAIL BOND AGENT" MEANS AN INDIVIDUAL WHO IS APPOINTED BY AN  
14 INSURER THROUGH A POWER OF ATTORNEY TO EXECUTE OR COUNTERSIGN BAIL BONDS IN  
15 CONNECTION WITH JUDICIAL PROCEEDINGS AND WHO RECEIVES OR IS PROMISED MONIES  
16 OR OTHER THINGS OF VALUE FOR THAT SERVICE.

17 2. "BAIL RECOVERY AGENT" HAS THE SAME MEANING PRESCRIBED IN SECTION  
18 13-3885.

19 20-341.01. Bail bond agents; business entities; place of  
20 business; receipt; maintenance of records

21 A. A PERSON SHALL NOT ACT AS A BAIL BOND AGENT IN THIS STATE UNLESS  
22 THE PERSON IS LICENSED BY THE DIRECTOR IN ACCORDANCE WITH THIS ARTICLE.

23 B. THE DIRECTOR SHALL NOT LICENSE A RESIDENT BUSINESS ENTITY AS A BAIL  
24 BOND AGENT UNLESS EACH OWNER AND SHAREHOLDER IS INDIVIDUALLY LICENSED AS A  
25 BAIL BOND AGENT.

26 C. EACH BAIL BOND AGENT SHALL HAVE AND MAINTAIN A PLACE OF BUSINESS  
27 IN THIS STATE THAT IS ACCESSIBLE TO THE PUBLIC AND WHERE THE BAIL BOND AGENT  
28 PRINCIPALLY CONDUCTS TRANSACTIONS UNDER THE AGENT'S LICENSE.

29 D. AS A MINIMUM REQUIREMENT FOR PERMANENT OFFICE RECORDS, EACH BAIL  
30 BOND AGENT AND GENERAL LINES AGENT WHO IS ENGAGED IN THE BAIL BOND BUSINESS  
31 SHALL MAINTAIN A DAILY BOND REGISTER THAT IS THE ORIGINAL AND PERMANENT  
32 RECORD OF ALL BONDS OR UNDERTAKINGS EXECUTED BY THE LICENSEE AND THAT STATES  
33 THE:

- 34 1. NUMBER OF THE POWER OF ATTORNEY FORM.
- 35 2. DATE THE BOND WAS EXECUTED.
- 36 3. NAME OF THE PRINCIPAL.
- 37 4. AMOUNT OF THE BOND.
- 38 5. PREMIUM CHARGED.
- 39 6. PREMIUM REPORTED TO THE SURETY COMPANY.
- 40 7. SECURITY OR COLLATERAL RECEIVED.
- 41 8. DATE THE SECURITY OR COLLATERAL WAS RECEIVED AND THE DATE RELEASED.
- 42 9. INDEMNITY AGREEMENTS.
- 43 10. DISPOSITION OF THE BOND.
- 44 11. DATE OF DISPOSITION.

1 E. EACH BAIL BOND AGENT AND GENERAL LINES AGENT WHO IS ENGAGED IN THE  
2 BAIL BOND BUSINESS AND WHO ACCEPTS MONIES OR ANY OTHER CONSIDERATION FOR ANY  
3 BAIL BOND UNDERTAKING SHALL FOR EACH PAYMENT RECEIVED GIVE TO THE PERSON  
4 PAYING THE MONIES OR GIVING THE CONSIDERATION A PRENUMBERED RECEIPT AS  
5 EVIDENCE OF PAYMENT. THE RECEIPT MUST STATE THE DATE, THE NAME OF THE  
6 PRINCIPAL, A DESCRIPTION OF THE CONSIDERATION OR AMOUNT OF MONIES RECEIVED  
7 AND THE PURPOSE FOR WHICH RECEIVED, THE NUMBER OF THE POWER OF ATTORNEY FORM  
8 ATTACHED TO THE BOND, THE PENAL SUM OF THE BOND, THE NAME OF THE PERSON  
9 MAKING THE PAYMENT OR GIVING THE CONSIDERATION AND THE TERMS UNDER WHICH THE  
10 MONIES OR OTHER CONSIDERATION SHALL BE RELEASED. EACH BAIL BOND AGENT SHALL  
11 RETAIN A DUPLICATE COPY OF EACH RECEIPT ISSUED AS PART OF THE AGENT'S  
12 RECORDS.

13 F. THE BAIL BOND AGENT SHALL KEEP AT THE AGENT'S PLACE OF BUSINESS THE  
14 USUAL AND CUSTOMARY RECORDS PERTAINING TO TRANSACTIONS MADE UNDER THE  
15 LICENSE. THE LICENSEE SHALL KEEP ALL THE RECORDS AS TO ANY PARTICULAR  
16 TRANSACTION AVAILABLE AND OPEN TO THE INSPECTION OF THE DIRECTOR AT ANY  
17 BUSINESS TIME DURING THE THREE YEARS IMMEDIATELY AFTER THE DATE OF COMPLETION  
18 OF THE TRANSACTION.

19 G. THE DIRECTOR MAY EXAMINE THE BUSINESS PRACTICES, BOOKS AND RECORDS  
20 OF ANY BAIL BOND AGENT AS OFTEN AS THE DIRECTOR DEEMS APPROPRIATE. THE BAIL  
21 BOND AGENT SHALL PAY THE COSTS INCURRED FOR THE EXAMINATION.

22 20-341.02. Bond of bail bond agents

23 A. EACH APPLICANT FOR A BAIL BOND AGENT'S LICENSE OR LICENSE RENEWAL  
24 SHALL FILE WITH THE APPLICATION AND SHALL MAINTAIN IN FORCE WHILE LICENSED  
25 A BOND IN FAVOR OF THIS STATE EXECUTED BY A SURETY INSURER AUTHORIZED TO DO  
26 BUSINESS IN THIS STATE. THE BOND MAY BE CONTINUOUS IN FORM, AND TOTAL  
27 AGGREGATE LIABILITY ON THE BOND SHALL BE AT LEAST TEN THOUSAND DOLLARS. THE  
28 APPLICANT SHALL PLACE THE BOND ON DEPOSIT WITH THE STATE TREASURER THROUGH  
29 THE DIRECTOR'S OFFICE. THE BOND SHALL BE CONDITIONED ON FULL ACCOUNTING AND  
30 DUE PAYMENT TO THE PERSON ENTITLED TO THE BOND OF MONIES COMING INTO THE BAIL  
31 BOND AGENT'S POSSESSION AS AN INCIDENT TO BAIL BOND TRANSACTIONS UNDER THE  
32 LICENSE.

33 B. THE BOND REMAINS IN FORCE UNTIL RELEASED BY THE DIRECTOR OR UNTIL  
34 CANCELLED BY THE SURETY. WITHOUT PREJUDICE TO ANY LIABILITY PREVIOUSLY  
35 INCURRED, THE SURETY MAY CANCEL THE BOND ON THIRTY DAYS' ADVANCE WRITTEN  
36 NOTICE FILED WITH THE DIRECTOR.

37 20-341.03. Bail bond agent prohibitions

38 A. A BAIL BOND AGENT SHALL NOT:

39 1. SUGGEST OR ADVISE THE EMPLOYMENT OF OR NAME FOR EMPLOYMENT ANY  
40 PARTICULAR ATTORNEY TO REPRESENT THE AGENT'S PRINCIPAL.

41 2. SOLICIT BUSINESS IN OR AROUND ANY PLACE WHERE PRISONERS ARE  
42 CONFINED OR IN OR AROUND ANY COURT.

43 3. RECEIVE OR COLLECT FOR AN ATTORNEY ANY MONIES OR OTHER ITEMS OF  
44 VALUE FOR ANY ATTORNEY FEE, COST OR OTHER PURPOSE ON BEHALF OF AN ARRESTEE,  
45 UNLESS A RECEIPT IS GIVEN.

1           4. FOR ANY PURPOSE, DIRECTLY OR INDIRECTLY, ENTER INTO AN ARRANGEMENT  
2 OF ANY KIND OR HAVE AN UNDERSTANDING WITH ANY PERSON TO INFORM OR NOTIFY ANY  
3 BAIL BOND AGENT DIRECTLY OR INDIRECTLY OF ANY OF THE FOLLOWING:

- 4           (a) THE EXISTENCE OF A CRIMINAL COMPLAINT.  
5           (b) THE FACT OF AN ARREST.  
6           (c) THE FACT THAT AN ARREST OF ANY PERSON IS PENDING OR CONTEMPLATED.  
7           (d) ANY INFORMATION PERTAINING TO MATTERS DESCRIBED IN THIS PARAGRAPH  
8 OR TO THE PERSONS INVOLVED.

9           5. PARTICIPATE IN THE CAPACITY OF AN ATTORNEY AT A TRIAL OR HEARING  
10 OF A PERSON ON WHOSE BOND THE BAIL BOND AGENT IS THE SURETY.

11           6. ACCEPT ANYTHING OF VALUE FROM A PRINCIPAL EXCEPT THE PREMIUM AND  
12 EXPENSES. THE BAIL BOND AGENT MAY ACCEPT COLLATERAL SECURITY OR OTHER  
13 INDEMNITY FROM THE PRINCIPAL OR ON BEHALF OF THE PRINCIPAL THAT THE BAIL BOND  
14 AGENT SHALL RETURN ON FINAL TERMINATION OF LIABILITY ON THE BOND UNLESS THE  
15 COLLATERAL HAS BEEN FORFEITED BECAUSE THE DEFENDANT DID NOT APPEAR IN  
16 COURT. THE COLLATERAL SECURITY OR OTHER INDEMNITY REQUIRED BY THE BAIL BOND  
17 AGENT MUST BE REASONABLE IN RELATION TO THE AMOUNT OF THE BOND.

18           7. GIVE, AUTHORIZE, SIGN OR COUNTERSIGN IN BLANK ANY POWER OF ATTORNEY  
19 TO BONDS UNLESS THE AUTHORIZED PERSON IS A LICENSED BAIL BOND AGENT DIRECTLY  
20 EMPLOYED BY THE BAIL BOND AGENT GIVING THE POWER OF ATTORNEY.

21           8. ADVERTISE AS OR CLAIM TO BE A SURETY COMPANY.

22           9. EMPLOY OR ASSIST IN THE EMPLOYMENT OF ANY PERSON WHO HAS BEEN  
23 CONVICTED IN ANY JURISDICTION OF THEFT OR OF ANY FELONY OR ANY CRIME  
24 INVOLVING CARRYING OR THE POSSESSION OF A DEADLY WEAPON OR DANGEROUS  
25 INSTRUMENT.

26           B. FOR THE PURPOSES OF SUBSECTION A, PARAGRAPH 9, "EMPLOYMENT" MEANS  
27 WORKING FOR A SALARY, A COMMISSION OR UNDER CONTRACT OR OWNING, OPERATING OR  
28 CONTROLLING ANY BUSINESS OR AGENCY THAT SOLICITS, SERVICES OR ASSISTS IN ANY  
29 WAY IN DEALING IN BAIL BONDS.

30           C. LAW ENFORCEMENT, ADJUDICATION AND PROSECUTION OFFICIALS AND THE  
31 OFFICIALS' EMPLOYEES, ATTORNEYS-AT-LAW, OFFICIALS AUTHORIZED TO ADMIT TO BAIL  
32 AND STATE AND COUNTY OFFICERS SHALL NOT BE BAIL BOND AGENTS AND SHALL NOT  
33 DIRECTLY OR INDIRECTLY RECEIVE ANY BENEFITS FROM THE EXECUTION OF ANY BAIL  
34 BOND. THIS SECTION DOES NOT PROHIBIT A BAIL BOND AGENT FROM HIRING COUNSEL  
35 OR ASKING ASSISTANCE OF A LAW ENFORCEMENT OFFICER.

36           D. IN ANY BAIL TRANSACTION OR IN CONNECTION WITH ANY BAIL TRANSACTION,  
37 A BAIL BOND AGENT SHALL NOT DIRECTLY OR INDIRECTLY CHARGE OR COLLECT MONIES  
38 OR OTHER VALUABLE CONSIDERATION FROM ANY PERSON EXCEPT FOR THE FOLLOWING  
39 PURPOSES:

40           1. TO PAY THE PREMIUM AT THE RATES THAT ARE ESTABLISHED BY THE SURETY  
41 INSURER AND THAT ARE APPROVED BY THE DIRECTOR.

42           2. TO PROVIDE COLLATERAL.

43           3. TO BE REIMBURSED FOR ACTUAL AND REASONABLE EXPENSES INCURRED IN  
44 CONNECTION WITH THE INDIVIDUAL BAIL TRANSACTION.

1           20-341.04. Bail recovery agent prohibitions; criminal records  
2                           checks

3           A. NO PERSON WHO HAS BEEN CONVICTED IN ANY JURISDICTION OF ANY FELONY  
4 OR THEFT OR ANY CRIME INVOLVING THE CARRYING OR ILLEGAL USE OR POSSESSION OF  
5 A DEADLY WEAPON OR DANGEROUS INSTRUMENT MAY ACT AS A BAIL RECOVERY AGENT.

6           B. A PERSON SHALL SUBMIT A FULL SET OF FINGERPRINTS TO THE DEPARTMENT  
7 BEFORE ACTING AS A BAIL RECOVERY AGENT AND SUBMIT A NEW SET OF FINGERPRINTS  
8 ON OR BEFORE SEPTEMBER 1 OF EVERY THIRD YEAR AFTER INITIAL IDENTIFICATION BY  
9 THE BAIL BOND AGENT IN THE REPORT FILED WITH THE DIRECTOR PURSUANT TO SECTION  
10 13-3885, SUBSECTION C TO ALLOW THE DIRECTOR TO OBTAIN A STATE AND FEDERAL  
11 CRIMINAL RECORDS CHECK PURSUANT TO SECTION 41-1750 AND PUBLIC LAW  
12 92-544. THE FINGERPRINT PROCESSING FEE COLLECTED BY THE DEPARTMENT SHALL BE  
13 AN AMOUNT THAT DOES NOT EXCEED THE COST TO THE DEPARTMENT CHARGED BY THE  
14 FEDERAL BUREAU OF INVESTIGATION FOR THE FINGERPRINT PROCESSING TO OBTAIN  
15 FEDERAL CRIMINAL HISTORY RECORD INFORMATION. THE DEPARTMENT OF PUBLIC SAFETY  
16 IS AUTHORIZED TO EXCHANGE THIS FINGERPRINT DATA WITH THE FEDERAL BUREAU OF  
17 INVESTIGATION. THE CRIMINAL INVESTIGATION SECTION OF THE DEPARTMENT OF  
18 PUBLIC SAFETY SHALL PROVIDE THE CRIMINAL HISTORY RECORD INFORMATION TO THE  
19 DIRECTOR PURSUANT TO SECTION 41-1750.

20           C. ANY PERSON WHO ACTS AS A BAIL RECOVERY AGENT ON BEHALF OF ANY BAIL  
21 BOND AGENT AND ANY PERSON WHO CONDUCTS ANY ACTION RELATING TO A BAIL RECOVERY  
22 OR APPREHENSION MUST BE IDENTIFIED BY THE BAIL BOND AGENT IN THE REPORT FILED  
23 WITH THE DIRECTOR PURSUANT TO SECTION 13-3885, SUBSECTIONS C AND D.

24           D. A BAIL BOND AGENT MAY NOT EMPLOY A BAIL RECOVERY AGENT WHO DOES NOT  
25 COMPLY WITH THIS SECTION AND WHO HAS NOT BEEN IDENTIFIED BY THE BAIL BOND  
26 AGENT IN THE REPORT FILED WITH THE DIRECTOR PURSUANT TO SECTION 13-3885,  
27 SUBSECTION C. A BAIL BOND AGENT WHO IS NOT LICENSED IN THIS STATE SHALL  
28 CONTRACT WITH A BAIL BOND AGENT IN THIS STATE TO RETAIN THE SERVICES OF A  
29 BAIL RECOVERY AGENT IN THIS STATE.

30           20-341.05. Rules

31           THE DIRECTOR SHALL ADOPT RULES RELATING TO COLLATERAL RECEIVED BY BAIL  
32 BOND AGENTS, THE ISSUANCE OF CONTRACTS AND OTHER MATTERS RELATING TO THE  
33 BUSINESS OF BAIL BOND AGENTS.

34           20-341.06. Application of other laws

35           TO THE EXTENT NOT INCONSISTENT WITH THIS ARTICLE, SECTIONS 20-281,  
36 20-284 AND 20-285, SECTION 20-288, SUBSECTION B AND SECTIONS 20-289, 20-292,  
37 20-295, 20-296, 20-297, 20-298, 20-299, 20-301 AND 20-302 APPLY TO BAIL BOND  
38 AGENTS.

39           Sec. 14. Section 20-401.07, Arizona Revised Statutes, is amended to  
40 read:

41           20-401.07. Premium receipts tax on industrial insureds  
42                           contracting with unauthorized insurer; definitions

43           A. Every industrial insured under a contract procured from an  
44 unauthorized insurer shall pay to the director before March 1 next succeeding  
45 the calendar year in which the insurance was so effectuated, continued or

1 renewed a premium receipts tax of three per cent of the gross premiums, less  
2 premiums returned on account of cancellation or reduction of premium, charged  
3 for insurance on subjects resident, located or to be performed in this state.  
4 Such insurance, whether procured through negotiation or an application, in  
5 whole or in part occurring or made within or outside of this state, or for  
6 which premiums in whole or in part are remitted directly or indirectly from  
7 within or outside of this state, shall be deemed to be insurance effectuated  
8 or continued in this state. If a contract covers risks or exposures only  
9 partly in this state, the tax payable shall be computed on the portions of  
10 the premium which are properly allocable to the risks or exposures located  
11 in this state. Proration of premium taxes due from an industrial insured  
12 under a contract procured from an unauthorized insurer having property in  
13 states other than Arizona shall be determined by rules adopted by the  
14 director using the following criteria where applicable:

- 15 1. Percentage of physical assets in Arizona.
- 16 2. Percentage of employee payroll in Arizona.
- 17 3. Percentage of sales in Arizona.
- 18 4. Percentage of taxable income reportable in Arizona.

19 B. For purposes of this section:

20 1. "Industrial insured" means an insured that meets at least two of  
21 the following criteria:

22 (a) Applies for or procures any insurance that is subject to article  
23 4.1 of this chapter through the use of a risk manager.

24 (b) Has aggregate annual gross premiums for insurance on all property  
25 and casualty risks that are subject to article 4.1 of this chapter totaling  
26 at least five hundred thousand dollars as of the preceding fiscal year end  
27 of the industrial insured.

28 (c) Possesses a net worth of over fifty million dollars as of the  
29 preceding fiscal year end of the industrial insured as verified by a  
30 certified public accountant.

31 (d) Has net revenues or sales exceeding one hundred million dollars  
32 as of the preceding fiscal year end of the industrial insured as verified by  
33 a certified public accountant.

34 (e) Has more than five hundred full-time employees or equivalent per  
35 individual company or one thousand full-time employees or equivalent per  
36 holding company system as of the date the policy is issued.

37 2. "Risk manager" means a full-time employee of the industrial insured  
38 or a third party consultant who is retained by the industrial insured, who  
39 provides skilled services in loss prevention, loss reduction, risk and  
40 insurance coverage analysis and the purchase of insurance and who possesses  
41 at least one of the following qualifications:

42 (a) A baccalaureate or higher degree in risk management that is issued  
43 by an accredited college or university.

44 (b) A designation as a chartered property and casualty underwriter  
45 that is issued by an insurance institute.

1 (c) A designation as a certified insurance counselor that is issued  
2 by a society of certified insurance counselors.

3 (d) A designation as an associate in risk management that is issued  
4 by an insurance institute.

5 (e) A designation as a certified risk manager that is issued by a  
6 national alliance for insurance education and research.

7 (f) A designation as a fellow in risk management that is issued by a  
8 global risk management institute.

9 (g) Any other similar qualification that, before the employee or  
10 consultant applies for or procures any insurance that is subject to article  
11 4.1 of this chapter, the director determines is sufficient, other than a  
12 license as an ~~agent or broker~~ INSURANCE PRODUCER pursuant to ~~chapter 2,~~  
13 article 3 of this title CHAPTER.

14 Sec. 15. Section 20-402, Arizona Revised Statutes, is amended to read:

15 20-402. Validity of contracts

16 A. The transaction of business in violation of section 20-401.01 by  
17 an insurer does not impair the validity of any act or contract of the insurer  
18 and does not prevent the insurer from defending any action at law or suit in  
19 equity in any court of this state, except that no insurer transacting  
20 insurance business in this state without a certificate of authority is  
21 permitted to maintain an action in any court of this state to enforce any  
22 right, claim or demand arising out of the transaction of the business until  
23 the insurer obtains a certificate of authority.

24 B. If an insurer transacting business in violation of section  
25 20-401.01 fails to pay any claim or loss within the provisions of the  
26 insurance contract, any person who acted directly or indirectly as an ~~agent~~  
27 INSURANCE PRODUCER for or otherwise represented or aided the insurer in the  
28 solicitation, negotiation, procurement or effectuation of the insurance  
29 contract or renewal of the contract is liable to the insured for the full  
30 amount of the claim or loss in the manner provided by the provisions of the  
31 insurance contract.

32 Sec. 16. Section 20-408, Arizona Revised Statutes, is amended to read:

33 20-408. Report of broker; civil penalty

34 A. Within sixty days after procuring any surplus lines insurance, the  
35 broker shall execute and file with the director a VERIFIED report in  
36 ~~duplicate and under oath,~~ setting forth facts from which it may be determined  
37 whether the requirements of section 20-407 have been met. The report shall  
38 also contain the following:

39 1. ~~The name and address of the insurer, and the name and address of~~  
40 ~~the person named in the policy pursuant to section 20-419 to whom the~~  
41 ~~director shall send copies of legal process.~~

42 2. The number of the policy issued.

43 3. The name and address of the insured.

44 4. The premium, including taxable policy fees.

1           5. The identity of the specific recognized surplus lines coverage  
2 written or a summary that describes the diligent effort made to place the  
3 coverage with an authorized insurer AND that shall not be open to public  
4 inspection.

5           6. The policy effective dates that shall not be open to public  
6 inspection.

7           B. The director shall prescribe the required report form.

8           C. The director may direct a broker to file the broker's report  
9 required by this section with a voluntary domestic organization of surplus  
10 lines brokers with which the director has contracted to accept reports  
11 pursuant to section 20-167.

12          D. A broker may collect from the insured the stamping fee prescribed  
13 in section 20-167.

14          E. THE DIRECTOR MAY IMPOSE AND COLLECT A CIVIL PENALTY OF NOT MORE  
15 THAN TWENTY-FIVE DOLLARS AGAINST A BROKER FOR EACH DAY THE REPORT PRESCRIBED  
16 IN SUBSECTION A OF THIS SECTION IS LATE.

17          Sec. 17. Section 20-409, Arizona Revised Statutes, is amended to read:

18          20-409. Recognized surplus lines

19          A. If after a hearing the director finds that a particular insurance  
20 coverage or type, class or kind of coverage is not readily procurable from  
21 authorized insurers, he THE DIRECTOR may by order declare such coverage or  
22 coverages to be recognized surplus lines until the director's further order.

23          B. The order is subject to modification by the director. The director  
24 shall modify any coverage if the director determines that the coverage is no  
25 longer entitled to recognition as surplus lines after a hearing held on the  
26 director's initiative or on the request of any insurance agent PRODUCER,  
27 surplus lines broker, broker, insurer, rating or advisory organization, or  
28 other person.

29          Sec. 18. Section 20-411, Arizona Revised Statutes, is amended to read:

30          20-411. Licensing of surplus lines broker; examination

31          A. A person shall not act as a surplus lines broker in this state  
32 unless the person has a current surplus lines broker license issued by the  
33 director.

34          B. Any individual who is a resident of this state and who is licensed  
35 as a RESIDENT INSURANCE PRODUCER AUTHORIZED FOR property or casualty agent  
36 or broker INSURANCE in this state may also be licensed as a RESIDENT surplus  
37 lines broker if the director determines that the agent or broker INSURANCE  
38 PRODUCER is competent and trustworthy. The director shall prescribe and  
39 furnish application forms.

40          C. Each INDIVIDUAL applicant for an original license as a RESIDENT  
41 surplus lines broker and each applicant OR for renewal of a RESIDENT surplus  
42 lines broker license who has not previously taken and passed a surplus lines  
43 broker license examination in this state shall take and pass to the  
44 director's satisfaction a written examination given by or under the  
45 supervision of the director. The examination shall reasonably test the

1 applicant's knowledge of surplus lines insurance and the legal  
2 responsibilities of a surplus lines broker.

3 ~~D. Before the director issues the license, the applicant shall file~~  
4 ~~with the director and shall maintain in effect, for as long as the license~~  
5 ~~or any renewal of the license remains in effect, a bond in favor of this~~  
6 ~~state in the aggregate amount of twenty-five thousand dollars with an~~  
7 ~~authorized corporate surety approved by the director. The aggregate~~  
8 ~~liability of the surety for all breaches of the conditions of the bond shall~~  
9 ~~not exceed the amount of the bond. The surety shall condition the bond on~~  
10 ~~an agreement by the surplus lines broker to do all of the following:~~

11 ~~1. Conduct business under the license according to this article.~~

12 ~~2. Promptly remit the taxes prescribed in section 20-416.~~

13 ~~3. Properly account for all monies received by the surplus lines~~  
14 ~~broker through transactions under the license.~~

15 ~~E. A surety shall not terminate a bond issued pursuant to this section~~  
16 ~~unless the surety files a written notice of termination with the director at~~  
17 ~~least thirty days before terminating the bond.~~

18 ~~F. D. The director may issue a RESIDENT surplus lines broker license~~  
19 ~~to any firm or corporation BUSINESS ENTITY that is licensed as a RESIDENT~~  
20 ~~property or casualty agent or broker INSURANCE PRODUCER in this state, that~~  
21 ~~maintains an office in this state and that satisfies all of the following~~  
22 ~~conditions: REQUIREMENTS PRESCRIBED BY SECTION 20-285, SUBSECTIONS D AND E.~~

23 ~~1. E. At least one individual in each office or place where SURPLUS~~  
24 ~~LINES insurance is transacted is IN THIS STATE SHALL BE licensed as an agent~~  
25 ~~or broker INSURANCE PRODUCER AUTHORIZED FOR PROPERTY OR CASUALTY INSURANCE~~  
26 ~~under this title and the individual has SHALL HAVE passed the examination~~  
27 ~~required by this section.~~

28 ~~2. If the license is to be issued in a trade name, the director~~  
29 ~~determines that the trade name is lawfully registered to a firm or~~  
30 ~~corporation.~~

31 ~~3. The business to be transacted is within the scope of the~~  
32 ~~partnership agreement, the articles of incorporation or a similar charter~~  
33 ~~document.~~

34 ~~4. The prospective licensee agrees to promptly notify the director of~~  
35 ~~all changes to its members, directors and officers.~~

36 ~~6. A firm or corporation licensed as a surplus lines broker shall not~~  
37 ~~use a name that might cause confusion or a name so similar to the name of~~  
38 ~~another firm or corporation already licensed that use of the name might cause~~  
39 ~~a conflict. In the case of a conflict of names between two or more firms or~~  
40 ~~corporations, the director may permit or require the newly licensed firms or~~  
41 ~~corporation to use in this state a modification of its name. The director~~  
42 ~~shall not issue a license to a firm or corporation that uses an assumed name~~  
43 ~~that deceives or misleads any person as to the nature of the business that~~  
44 ~~is or will be conducted by the firms or corporation.~~



1       ~~H.~~ F. The license prescribed in this section expires and is subject  
2 to renewal as prescribed in section ~~20-294~~ 20-289. The director shall charge  
3 the surplus lines broker license fee prescribed in section 20-167.

4       ~~I.~~ G. To the extent not inconsistent with this article, ~~sections~~  
5 SECTION 20-281, SECTION 20-283, SUBSECTION B, PARAGRAPH 6, SECTION 20-286,  
6 SUBSECTION C AND SECTIONS 20-287, 20-289, 20-291, 20-292, 20-295, 20-296,  
7 20-297, 20-298, 20-299, 20-300, 20-301 AND 20-302, ~~20-305, 20-311, 20-313,~~  
8 ~~20-314, 20-316.01, 20-317 and 20-318~~ apply to surplus lines brokers.

9       Sec. 19. Section 20-411.01, Arizona Revised Statutes, is amended to  
10 read:

11       20-411.01. Licensing of Mexican insurance surplus lines broker

12       A. Any licensed ~~agent or broker~~ INSURANCE PRODUCER that maintains an  
13 office in this state may be licensed as a Mexican insurance surplus lines  
14 broker to transact insurance business as prescribed in section 20-422 if the  
15 director determines that the ~~agent or broker~~ INSURANCE PRODUCER is competent  
16 and trustworthy and the ~~licensed agent or broker~~ INSURANCE PRODUCER complies  
17 with all of the requirements of section 20-411 except subsection C. The  
18 director shall prescribe and furnish PROVIDE application forms.

19       ~~B. Notwithstanding subsection A of this section, the bond amount~~  
20 ~~required for a license pursuant to this section is one thousand dollars.~~

21       ~~C.~~ B. Any surplus lines broker licensed pursuant to section 20-411  
22 OR 20-411.02 may transact the insurance business prescribed in section 20-422  
23 without being licensed under this section.

24       Sec. 20. Section 20-411.02, Arizona Revised Statutes, is amended to  
25 read:

26       20-411.02. Nonresident surplus lines broker; remittance of tax  
27 on insurance procured out of state

28       A. The director may SHALL license A NONRESIDENT PERSON as a surplus  
29 lines broker ~~an individual who is not a resident of this state, or a firm or~~  
30 ~~corporation that is not licensed as an agent or broker in this state and that~~  
31 ~~does not maintain an office in this state, if the director determines that~~  
32 ~~the applicant is competent and trustworthy and the applicant provides a~~  
33 ~~certification from the insurance supervisory official of the applicant's~~  
34 ~~state of residence that states that the applicant is duly licensed as a~~  
35 ~~resident surplus lines broker or the equivalent in that state and is in~~  
36 ~~compliance with all applicable requirements of that license. Section 20-411,~~  
37 ~~except subsection C and subsection F, paragraph 1, applies to the licensing~~  
38 ~~of a nonresident surplus lines broker IN ACCORDANCE WITH SECTION 20-287.~~

39       B. Except as otherwise provided, a nonresident surplus lines broker  
40 is subject to this title as if the broker were licensed as a resident.

41       C. A license from this state is not required for a nonresident who  
42 procures surplus lines insurance in another state in which the nonresident  
43 is licensed solely because of the allocation of premium to this state to  
44 determine the surplus lines tax due to this state pursuant to section 20-416,  
45 subsection C. The nonresident shall remit the tax according to this article.

1 The director shall prescribe the form of any reports or statements that are  
2 necessary for the nonresident to remit the tax.

3 Sec. 21. Section 20-412, Arizona Revised Statutes, is amended to read:

4 20-412. Acceptance of surplus lines business by broker

5 A licensed surplus lines broker may accept or place surplus lines  
6 business from any insurance ~~agent or broker~~ PRODUCER licensed in this state  
7 for the kind of insurance involved, and may compensate the ~~agent or broker~~  
8 INSURANCE PRODUCER therefor. The broker shall have the right to receive from  
9 the insurer the customary commission.

10 Sec. 22. Section 20-414, Arizona Revised Statutes, is amended to read:

11 20-414. Records of surplus lines brokers

12 Each surplus lines broker shall keep in his office in this state THE  
13 BROKER'S PRINCIPAL PLACE OF BUSINESS a full and true record of each surplus  
14 lines contract procured by the broker, and the record may be examined by  
15 UNDER THE LICENSE ISSUED PURSUANT TO THIS ARTICLE. The director MAY EXAMINE  
16 THE RECORD at any time within three years after the expiration or  
17 cancellation date of the insurance policy. The record shall include the  
18 following items as applicable:

- 19 1. Name and address of the insurer.
- 20 2. Name and address of the insured.
- 21 3. Amount of insurance.
- 22 4. Gross premium charged.
- 23 5. Return premium paid, if any.
- 24 6. Rate of premium charged on the several items of coverage.
- 25 7. Effective date AND TERMS of the contract and the terms thereof.
- 26 8. Brief general description of the risks insured against and the  
27 property insured.

28 Sec. 23. Section 20-415, Arizona Revised Statutes, is amended to read:

29 20-415. Statement of surplus lines insurance business  
30 transacted by broker; reporting periods

31 A. Beginning January 1, 1998, each surplus lines broker shall file  
32 semiannually with the director a ~~verified~~ NOTARIZED statement of all surplus  
33 lines insurance business transacted by the broker during the period for which  
34 the statement is being filed. The statement shall be on a form prescribed  
35 by the director and shall show:

- 36 1. Gross amount of each kind of insurance transacted.
- 37 2. Aggregate gross premiums charged.
- 38 3. Aggregate of return premiums paid to insureds.
- 39 4. Aggregate of net premiums.
- 40 5. Such additional information as may reasonably be required by the  
41 director.

42 B. The statement is due on or before March 1 of each year for the  
43 preceding July through December and on or before September 1 of each year for  
44 the preceding January through June.

1       Sec. 24. Section 20-418, Arizona Revised Statutes, is amended to read:  
2       20-418. Denial, revocation or suspension of license

3       A. The director may DENY OR SUSPEND FOR NOT MORE THAN TWELVE MONTHS,  
4       revoke or ~~suspend~~ REFUSE TO RENEW any surplus lines broker's license AND, IN  
5       ADDITION OR IN LIEU THEREOF, MAY LEVY A CIVIL PENALTY AND ORDER RESTITUTION  
6       TO ANY INJURED PARTY:

7       1. If the broker fails to comply with any requirement of this article.

8       2. For any of the causes for which an agent's INSURANCE PRODUCER'S  
9       license may be DENIED, revoked or suspended.

10       B. The procedures provided by this title for the DENIAL, suspension  
11       or revocation of an agent's INSURANCE PRODUCER'S license ~~shall be applicable~~  
12       APPLY to DENIAL, suspension or revocation of a surplus lines broker's  
13       license.

14       Sec. 25. Section 20-420, Arizona Revised Statutes, is amended to read:  
15       20-420. Exemptions from surplus lines provisions

16       A. The sections of this article relating to surplus lines coverages  
17       ~~shall~~ DO not apply to reinsurance, ~~nor OR~~ to the following classes of  
18       insurance when placed by licensed agents or brokers INSURANCE PRODUCERS of  
19       this state:

20       1. Ocean marine and foreign trade insurance.

21       2. Insurance on subjects located, resident or to be performed wholly  
22       outside this state, or on vehicles or aircraft owned and principally garaged  
23       outside this state.

24       3. Insurance on property or operations of railroads engaged in  
25       interstate commerce.

26       B. ~~Agents and brokers so placing any such~~ ANY INSURANCE PRODUCER THAT  
27       PLACES ANY OF THE CLASSES OF insurance PRESCRIBED IN SUBSECTION A OF THIS  
28       SECTION with an unauthorized insurer shall keep a record of each coverage in  
29       detail as required of surplus lines insurance by PURSUANT TO section  
30       20-414. The record INSURANCE PRODUCER shall ~~be preserved~~ PRESERVE THE RECORD  
31       for not less than three years from AFTER the expiration or cancellation date  
32       of the insurance policy and shall ~~be so kept~~ MAKE THE RECORD available in  
33       this state and open to the examination of the director.

34       Sec. 26. Section 20-422, Arizona Revised Statutes, is amended to read:  
35       20-422. Alien insurance for coverage in Mexico

36       A. A person shall not solicit or accept applications in this state for  
37       insurance or collect a commission on a policy that is to be effective in  
38       Mexico and only outside the geographical limits of this state and that is to  
39       be issued by an alien insurer or insurers not authorized to transact  
40       insurance in this state, unless that person is licensed pursuant to section  
41       20-411 or, 20-411.01 OR 20-411.02 or any agent or employee of that licensed  
42       person or any other authorized insurance agent PRODUCER in this state  
43       provided that the agent INSURANCE PRODUCER obtains the coverage through that  
44       licensed person.

1       B. Except for sections 20-411, 20-411.01, 20-411.02, 20-414 and  
2 20-418, the insurance prescribed by IN this section is not subject to this  
3 article.

4       C. Any policy and any evidence of coverage from THAT IS ISSUED BY an  
5 alien insurer AND THAT IS issued pursuant to this section and for delivery  
6 to the insured in this state shall contain a conspicuously stamped or written  
7 notice in bold-faced type that states:

8       This policy is issued by an insurance company that is not  
9 regulated by the Arizona department of insurance. The insurance  
10 company may not provide claims service and may not be subject to  
11 service of process in Arizona. If the insurance company becomes  
12 insolvent, insureds or claimants will not be eligible for  
13 protection under Arizona law.

14       Sec. 27. Section 20-451, Arizona Revised Statutes, is amended to read:  
15 20-451. Rebates on other than life or disability insurance

16       No insurer or employee, ~~agent~~ INSURANCE PRODUCER or representative  
17 thereof, ~~or broker~~ shall knowingly charge, demand or receive a premium for  
18 any policy of insurance, other than life or disability insurance, except in  
19 accordance with any applicable filing on file with the director. No such  
20 insurer, employee, ~~agent~~, INSURANCE PRODUCER OR representative ~~or broker~~  
21 shall offer, pay, allow or give, directly or indirectly, as an inducement to  
22 insurance, or after insurance has been effected, any rebate, discount,  
23 abatement, credit or reduction of the premium named in a policy of insurance,  
24 or any special favor or advantage in the dividends or other benefits to  
25 accrue thereon, or any valuable consideration or inducement whatever, not  
26 specified in the policy of insurance, except to the extent provided for in  
27 an applicable filing. No insured named in a policy of insurance, nor any  
28 representative or employee of the insured shall knowingly receive or accept,  
29 directly or indirectly, any such rebate, discount, abatement, credit or  
30 reduction of premium, or any such special favor or advantage or valuable  
31 consideration or inducement. Nothing in this section shall be construed as  
32 prohibiting the payment of commissions or other compensation to duly licensed  
33 ~~agents and brokers~~, INSURANCE PRODUCERS nor as prohibiting any insurer from  
34 allowing or returning to its participating policyholders, members or  
35 subscribers, dividends, savings or unabsorbed premium deposits. As used in  
36 this section the word "insurance" includes suretyship and the word "policy"  
37 includes bond.

38       Sec. 28. Section 20-452, Arizona Revised Statutes, is amended to read:  
39 20-452. Prohibited inducements

40       Except as permitted in sections 20-453 and 20-454, any insurer, ~~agent~~,  
41 ~~broker~~ INSURANCE PRODUCER or other person, as an inducement to insurance or  
42 in connection with any insurance transaction, shall not provide in any policy  
43 for or offer, sell, buy or offer or promise to buy, sell, give, promise or  
44 allow to the insured or prospective insured or to any other person on behalf  
45 of the insured or prospective insured in any manner:

1           1. Any employment.

2           2. Any shares of stock or other securities issued or at any time to  
3 be issued or any interest therein or rights thereto.

4           3. Any advisory board contract, or any similar contract, agreement or  
5 understanding, offering, providing for or promising any special profits.

6           4. Any prizes, goods, wares, merchandise or tangible property of an  
7 aggregate value of more than ten dollars.

8           Sec. 29. Section 20-457, Arizona Revised Statutes, is amended to read:

9           20-457. Premature disposal of premium notes prohibited

10          No AN insurer or ~~agent thereof~~ AND ITS INSURANCE PRODUCER shall NOT  
11 hypothecate, sell or dispose of a promissory note received in payment of any  
12 part of a premium on a policy of insurance applied for prior to the delivery  
13 of the policy.

14          Sec. 30. Section 20-458, Arizona Revised Statutes, is amended to read:

15          20-458. Fraudulent statement in application; classification

16          Any life insurance agent PRODUCER, examining physician or other person  
17 who knowingly makes a false or fraudulent statement or representation in or  
18 relative to an application for life or disability insurance, or who makes any  
19 such statement to obtain a fee, commission, money or benefit is guilty of a  
20 class 2 misdemeanor.

21          Sec. 31. Section 20-460, Arizona Revised Statutes, is amended to read:

22          20-460. Free choice of insurance producer

23          No casualty or property insurance company, including any subsidiary of  
24 any such company, may offer any insurance program in this state to exclusive  
25 agents INSURANCE PRODUCERS without offering the same insurance program  
26 through all of its other authorized ~~agents and brokers~~ INSURANCE PRODUCERS  
27 authorized for similar types of insurance coverage with the exception of  
28 employer-employee programs making use of central premium collection.

29          Sec. 32. Section 20-463, Arizona Revised Statutes, is amended to read:

30          20-463. Fraud; injunction; penalties; restitution; definitions

31          A. It is a fraudulent practice and unlawful for a person to knowingly:

32           1. Present, cause to be presented or prepare with the knowledge or  
33 belief that it will be presented an oral or written statement, including  
34 computer generated documents, to or by an insurer, reinsurer, purported  
35 insurer or reinsurer, ~~broker or agent of an insurer~~, INSURANCE PRODUCER OR  
36 AGENT OF A reinsurer or ~~broker~~ that contains untrue statements of material  
37 fact or that fails to state any material fact with respect to any of the  
38 following:

39           (a) An application for the issuance or renewal of an insurance policy.

40           (b) The rating of an insurance policy.

41           (c) A claim for payment or benefit pursuant to an insurance policy.

42           (d) Premiums paid on any insurance policy.

43           (e) Payments made pursuant to the terms of any insurance policy.

44           (f) An application for a certificate of authority.

1 (g) The financial condition of an insurer, reinsurer or purported  
2 insurer or reinsurer.

3 (h) The acquisition of an insurer or reinsurer or the concealing of  
4 any information concerning any fact material to the acquisition.

5 2. Solicit or accept new or renewal insurance risks by or for any  
6 insolvent insurer, reinsurer or other entity licensed to transact insurance  
7 business in this state.

8 3. Conceal or attempt to conceal from the department or remove or  
9 attempt to remove from the home office, place of safekeeping or other place  
10 of business of any insurer, reinsurer or other entity licensed to transact  
11 insurance business in this state part or all of the assets or records of the  
12 assets, transactions and affairs.

13 4. Divert or attempt or conspire to divert the monies of an insurer,  
14 reinsurer, entity licensed to transact insurance business in this state or  
15 other person in connection with:

16 (a) The transaction of insurance or reinsurance.

17 (b) The conduct of business activities by any insurer, reinsurer or  
18 other entity licensed to transact insurance business in this state.

19 (c) The formation, acquisition or dissolution of any insurer,  
20 reinsurer or other entity licensed to transact insurance business in this  
21 state.

22 5. Assist, abet, solicit or conspire with another person to violate  
23 paragraph 1 of this subsection.

24 6. Employ, use or act as a runner, capper or steerer for the purposes  
25 of violating paragraph 1 of this subsection.

26 B. A person who acts without malice, fraudulent intent or bad faith  
27 is not subject to liability for filing reports or furnishing orally or in  
28 writing other information concerning suspected, anticipated or completed  
29 fraudulent insurance acts if the reports or information is provided to or  
30 received from:

31 1. The director or the department.

32 2. Law enforcement officials and their agents and employees.

33 3. The national association of insurance commissioners, other state  
34 insurance departments, a federal or state agency or bureau established to  
35 detect and prevent fraudulent insurance acts, and the agency's or bureau's  
36 agents, employees or designees, or an organization established by insurers  
37 to assist in the detection and prevention of fraudulent insurance acts, and  
38 the organization's agents, employees or designees.

39 C. A person, or an officer, employee or agent of the person acting  
40 within the scope of employment or agency of that officer, employee or agent,  
41 identified under subsection B, paragraph 1, 2 or 3 when  
42 performing authorized activities without malice, fraudulent intent or bad  
43 faith is not subject to civil liability for libel, slander or another  
44 relevant tort. No civil cause of action may be brought against the person  
45 or entity.

1 D. A person or entity under subsection B or C is entitled to an award  
2 of attorney fees and costs if the person or entity is a prevailing party in  
3 a civil cause of action for libel, slander or other relevant tort and the  
4 action is not substantially justified. For purposes of this subsection,  
5 "substantially justified" means a proceeding that has a reasonable basis in  
6 law or fact at the time that it is initiated.

7 E. Nothing in this section limits any common law right of the person  
8 or entity.

9 F. Nothing in this section is intended to prohibit contact or  
10 communication with clients or patients for any lawful purpose, including  
11 communication by and between insurers, the insurers' policyholders and  
12 claimants under policies issued to the insurers' policyholders regarding the  
13 investigation or settlement of any claim.

14 G. For the purposes of this section:

15 1. "Runner", "capper" or "steerer" means a person who procures clients  
16 at the direction of, or in cooperation with, a person who intends to perform  
17 or obtain services or benefits under a contract of insurance or who intends  
18 to assert a claim against an insured.

19 2. "Statement" includes any notice, proof of injury, bill for  
20 services, payment for services, hospital or doctor records, x-rays, test  
21 reports, medical or legal expenses, or other evidence of loss or injury, or  
22 other expense or payment.

23 Sec. 33. Section 20-465, Arizona Revised Statutes, is amended to read:

24 20-465. Fees; deposits

25 A. An insurer, ~~agent or broker~~ AND INSURANCE PRODUCER shall not charge  
26 or receive any fee or service charge in addition to the premium charged for  
27 services customarily provided in the transaction of insurance for motor  
28 vehicle insurance policies that insure six or fewer motor vehicles.

29 B. An insurer, ~~agent or broker~~ AND INSURANCE PRODUCER may charge and  
30 receive a fee for services not customarily provided in the transaction of  
31 insurance if the fee is filed with the director and the following conditions  
32 exist:

33 1. The services performed by the insurer, ~~agent or broker~~ OR INSURANCE  
34 PRODUCER are in excess of those normally performed for insureds.

35 2. The service charge and the specific services for which the charge  
36 is made are disclosed and agreed to in writing by the insured on a form that  
37 is approved by the director.

38 3. The amount of the service charge is reasonably related to the cost  
39 of the service performed.

40 C. After notice and a hearing, the director shall prescribe the  
41 services that are customarily provided in the transaction of insurance.

42 D. If after an examination and a hearing the director determines that  
43 an insurer, ~~agent or broker~~ OR INSURANCE PRODUCER has violated subsection A  
44 of this section, the director may order the insurer, ~~agent or broker~~ OR  
45 INSURANCE PRODUCER to refund the fee or that part of the fee that the

1 director determines was excessive and may impose civil penalties as set forth  
2 in section 20-456. The insurer, ~~agent or broker~~ OR INSURANCE PRODUCER shall  
3 pay the costs of the examination from monies deposited with the director  
4 pursuant to section 20-159 regardless of the findings of the examination.

5 E. Nothing in this section prohibits fees, including membership fees  
6 charged by a reciprocal or mutual insurer, if the fees are filed with the  
7 director and are included by an insurer in supplemental rate information.

8 Sec. 34. Section 20-467, Arizona Revised Statutes, is amended to read:

9 20-467. Return premiums; penalties

10 All insurers, ~~agents and brokers~~ AND INSURANCE PRODUCERS shall comply  
11 with the requirements prescribed in sections 6-1415 and 6-1416. In addition  
12 to any penalty provided by law, any insurer, ~~agent or broker~~ OR INSURANCE  
13 PRODUCER who fails to comply with the requirements prescribed in sections  
14 6-1415 and 6-1416 is subject to the penalties prescribed in section 20-456.

15 Sec. 35. Section 20-471, Arizona Revised Statutes, is amended to read:

16 20-471. Definition of insurance service charge; limit;  
17 prohibited use

18 A. "Insurance service charge" means any charge, other than the  
19 insurance premium, for the service of placing, renewing, approving or  
20 recording on the records and accounts of any mortgagee, vendor, holder, ~~or~~  
21 lender any substitution of insurers or change in insurance on the collateral  
22 security for a loan.

23 B. Except as provided in subsection C of this section, it shall be  
24 unlawful for any mortgagee, vendor, holder, ~~or~~ lender to charge an insurance  
25 company, insurance agency, borrower, mortgagor, ~~or~~ purchaser with payment  
26 of an insurance service charge.

27 C. An insurance service charge of eight dollars may be charged as a  
28 condition to acceptance of an insurance policy tendered to satisfy the  
29 requirements of a real estate mortgage contract when a mortgagee, vendor,  
30 holder, ~~or~~ lender shall perform PERFORMS services in connection with  
31 paragraphs 1, 2, 3 and 4 of this subsection, AS FOLLOWS:

32 1. An insurance policy is tendered without an authorization signed by  
33 the borrower appointing the ~~agent~~ INSURANCE PRODUCER tendering the policy  
34 attached thereto, unless a prior authorization not revoked has been delivered  
35 to the lender.

36 2. An insurance policy is tendered without the borrower's mortgage  
37 loan number as assigned for payment identification or a legal description of  
38 the insured property printed in bold-FACED type on the face of the policy.

39 3. An original, a renewal, ~~or~~ A replacement insurance policy which  
40 is tendered less than ten days prior to an expiration date, renewal date, ~~or~~  
41 or continuous policy premium anniversary date, or expiration of an insurance  
42 binder issued preliminary to issuance of a permanent policy.

43 4. An insurance policy is tendered by an agent other than an agent  
44 appearing on the records of the mortgagee as authorized to represent the  
45 borrower at any time during the term of such insurance other than within



1 thirty days prior to the policy's expiration date, renewal or continuous  
2 policy premium anniversary date.

3 Sec. 36. Section 20-1561, Arizona Revised Statutes, is amended to  
4 read:

5 20-1561. Law governing title insurers

6 A. ~~The provisions of This article shall apply~~ APPLIES to all title  
7 insurers, title insurance rating organizations, title insurance agents,  
8 applicants for title insurance and policyholders and to all persons and  
9 business entities engaged in the business of title insurance.

10 B. To the extent not modified by the ~~provisions of this article~~, title  
11 insurers ~~shall be~~ ARE subject to and governed by the other applicable  
12 provisions SECTIONS of this title.

13 C. Any new insurance law enacted after January 1, 1968 does not apply  
14 to title insurers, title insurance rating organizations, title insurance  
15 agents, applicants for title insurance, title insurance policyholders, or  
16 title insurance, except by express reference therein.

17 D. Section 20-223 applies to title insurers.

18 E. TITLE INSURANCE AGENTS SHALL BE LICENSED PURSUANT TO THIS  
19 ARTICLE. CHAPTER 2, ARTICLE 3 OF THIS TITLE DOES NOT APPLY TO LICENSURE OF  
20 TITLE AGENTS EXCEPT BY SPECIFIC REFERENCE THEREIN.

21 Sec. 37. Section 20-1583, Arizona Revised Statutes, is amended to  
22 read:

23 20-1583. Title insurance agents; certain names prohibited

24 A. ~~After the effective date of this section, no~~ AN agent for a title  
25 insurer shall NOT adopt a corporate or business name containing the words  
26 "title insurance", "title guaranty", OR "title guarantee", or other words  
27 indicating that the agent is in the business of title insurance, unless such  
28 THOSE words are followed by the words "agent" or "agency". In any  
29 stationery, sign, advertising, brochure, literature or similar writing issued  
30 or used by the agent, the words "agent" or "agency" shall be in the same size  
31 and type as the words preceding them. This section ~~shall~~ DOES not apply to  
32 a title insurer acting as agent for another title insurer.

33 B. A TITLE INSURER MAY AUTHORIZE THE USE OF ITS CORPORATE NAME OR A  
34 PORTION OF THE NAME TO A TITLE INSURANCE AGENCY IF THE NAME OF THE TITLE  
35 INSURANCE AGENCY COMPLIES WITH SUBSECTION A.

36 ~~B.~~ C. For purposes of this section only, a title insurer is not  
37 responsible for a violation of this section by an agent for the title insurer  
38 and is not liable for a civil penalty that is imposed on a title insurance  
39 agent.

40 Sec. 38. Section 20-2901, Arizona Revised Statutes, is amended to  
41 read:

42 20-2901. Definitions

43 In this article, unless the context otherwise requires:

44 1. "Applicant" means a provider organization that submits an  
45 application to the contractor to provide continuing education courses.

1           2. "Approved continuing education course" means any course that has  
2 been approved by at least five other states or that is approved by a  
3 contractor or automatically approved pursuant to section 20-2904.

4           3. "Approved provider" means an organization or individual that offers  
5 an approved continuing education course and that is authorized by the  
6 contractor to offer the course to a licensee for credit toward the licensee's  
7 continuing education requirements.

8           4. "Continuing education review committee" means the committee  
9 appointed by the director pursuant to section 20-2905 to establish minimum  
10 standards that apply to approved providers and approved continuing education  
11 courses and minimum performance standards that apply to contractors.

12           5. "Contractor" means the person who has a contract with the  
13 department of insurance to approve continuing education providers and courses  
14 and to administer the continuing education program and who is paid through  
15 fees collected from approved providers when the approved providers apply for  
16 continuing education course approval.

17           6. "Credit hour" means the value assigned to an hour of instruction  
18 in an approved continuing education course.

19           7. "Licensee" means ~~a broker~~ AN INSURANCE PRODUCER, including a  
20 surplus lines broker, or ~~an agent~~; A managing general agent or service  
21 representative as defined in chapter 2, article 3 3.1 of this title who holds  
22 a current nonresident license to transact insurance in another  
23 state. Licensee does not include a person who holds a nonresident license  
24 from this state, any firm, corporation or other similar entity or an adjuster  
25 as defined in section ~~20-281~~ 20-321.

26           8. "Line of insurance" means property and casualty insurance, life  
27 insurance, disability insurance or life and disability insurance.

28           9. "Nonresident applicant" means ~~a broker, agent~~, AN INSURANCE  
29 PRODUCER OR A managing general agent or service representative who holds a  
30 resident license in another state and a nonresident license in this state and  
31 who is applying for the renewal of a nonresident license in this state.

32           10. "Provider organization" means a person that provides continuing  
33 education courses but has not yet been accepted as an approved provider  
34 pursuant to section 20-2904.

35           Sec. 39. Section 20-3001, Arizona Revised Statutes, is amended to  
36 read:

37           20-3001. Definitions

38           In this article, unless the context otherwise requires:

39           1. "Applicant" means a provider organization that submits an  
40 application to the contractor to provide continuing education courses.

41           2. "Approved continuing education course" means any course that has  
42 been approved by at least five other states or that is approved by a  
43 contractor or automatically approved pursuant to section 20-3004.

44           3. "Approved provider" means an organization or individual that offers  
45 an approved continuing education course and that is authorized by the

1 contractor to offer the course to a bail bond licensee for credit toward the  
2 bail bond licensee's continuing education requirements.

3 4. "Bail bond licensee" means a bail bond agent as defined in section  
4 ~~20-282.01~~ 20-341. Bail bond licensee does not include any firm, corporation  
5 or other similar entity.

6 5. "Continuing education review committee" means the committee  
7 appointed by the director pursuant to section 20-3005 to establish minimum  
8 standards that apply to approved providers and approved continuing education  
9 courses and minimum performance standards that apply to contractors.

10 6. "Contractor" means the person who has a contract with the  
11 department of insurance to approve continuing education providers and courses  
12 and to administer the continuing education program and who is paid through  
13 fees collected from approved providers when the approved providers apply for  
14 continuing education course approval.

15 7. "Credit hour" means the value assigned to an hour of instruction  
16 in an approved continuing education course.

17 8. "Provider organization" means a person who provides continuing  
18 education courses but who has not yet been accepted as an approved provider  
19 pursuant to section 20-3004.

20 Sec. 40. Section 28-450, Arizona Revised Statutes, is amended to read:

21 28-450. Release of information prohibited; classification;  
22 definition

23 A. Notwithstanding section 28-447, the department shall not:

24 1. Divulge information from a vehicle title or registration record  
25 unless the person who requests the information provides to the department all  
26 of the following:

27 (a) The name of the owner.

28 (b) The vehicle identification number of the vehicle.

29 (c) The vehicle license plate number assigned to the vehicle.

30 2. Release a copy of a record or divulge information concerning a  
31 person's driving record unless the person requesting the driving record  
32 provides to the department all of the following:

33 (a) The name of the licensee or the name of the person whose record  
34 is requested.

35 (b) The driver license number of the licensee, a statement that the  
36 person whose record is requested has not applied for a license or a statement  
37 that the license has been suspended or revoked.

38 (c) The date of birth of the licensee or the expiration date of the  
39 driver license of the licensee.

40 B. Subsection A of this section does not apply to:

41 1. A state or its departments, agencies or political subdivisions.

42 2. Any agent of the department of environmental quality who has a  
43 valid contract to conduct the random on-road testing program prescribed by  
44 section 49-542.01.

45 3. A court.

1           4. A law enforcement officer, including a law enforcement officer in  
2 a foreign country.

3           5. A licensed private investigator.

4           6. A financial institution or enterprise under the jurisdiction of the  
5 state banking department or a federal monetary authority.

6           7. The federal government or its agencies.

7           8. An attorney who is admitted to practice in this state and who  
8 alleges that the information is relevant to a pending or potential court  
9 proceeding.

10          9. A motor vehicle dealer who is licensed and bonded by the department  
11 or a state organization of licensed and bonded motor vehicle dealers.

12          10. The release of any of the following information to a person who is  
13 involved in an accident or to the owner of a vehicle involved in an accident  
14 if the person who requests the information submits proof to the department  
15 of involvement in the accident:

16           (a) The driving record of a person who operates a motor vehicle  
17 involved in the accident.

18           (b) The vehicle title or registration record of a vehicle involved in  
19 the accident.

20          11. The release of the driving record or title and registration record  
21 if that record is for the requester's vehicle or is the requester's own  
22 driving record, except that the director may require any information from the  
23 requester that is deemed necessary to ensure that the requester is entitled  
24 to receive the record.

25          12. An insurer that writes automobile liability or motor vehicle  
26 liability policies and that is under the jurisdiction of the department of  
27 insurance, except that an insurer or its authorized agent requesting  
28 information pursuant to subsection A of this section shall provide two of the  
29 three requirements under subsection A, paragraph 1 or 2 of this section  
30 before the department divulges or releases the information.

31          13. The release of a title and registration record if all of the  
32 following conditions exist:

33           (a) The requester verifies to the satisfaction of the director that  
34 the vehicle on which the requester is requesting the record is in the  
35 requester's possession.

36           (b) The record is requested in order for the requester to notify the  
37 registered owner of the requester's intent to apply to the department for a  
38 bonded title.

39           (c) The requester provides a verification of a vehicle inspection that  
40 was performed by an authorized department employee or agent.

41          C. An authorized agent shall promptly deliver information received  
42 from the department pursuant to subsection A of this section and subsection  
43 B, paragraph 12 of this section to the insurer that originally requested the  
44 information. An authorized agent shall not copy, retain or transfer by any

1 means any of the information for the authorized agent's own use or for use  
2 by persons other than the insurer that originally requested the information.

3 D. The department shall not release to an insurer, broker, managing  
4 general agent, authorized agent or insurance agent any information in a  
5 person's driving record pertaining to a traffic violation that occurred forty  
6 months or more before the date of the request for the release of the  
7 information.

8 E. An authorized agent who commits any of the following acts with  
9 regard to information received pursuant to subsection A of this section and  
10 subsection B, paragraph 12 of this section is guilty of a class 1  
11 misdemeanor:

12 1. Uses a false representation to obtain information from a department  
13 record.

14 2. Sells or otherwise distributes the information obtained from the  
15 department to a person or organization for purposes that are not disclosed  
16 in the request.

17 3. Violates subsection C of this section.

18 F. For the purposes of this section, "authorized agent" means a third  
19 party retained by an insurer for the purpose of requesting department  
20 information pursuant to subsection A of this section and subsection B,  
21 paragraph 12 of this section but does not include an ~~agent as defined in~~  
22 ~~section 20-282, a broker as defined in section 20-283~~ INSURANCE PRODUCER AS  
23 DEFINED IN SECTION 20-281 or a managing general agent as defined in section  
24 ~~20-284~~ 20-311.

25 Sec. 41. Section 32-1004, Arizona Revised Statutes, is amended to  
26 read:

27 32-1004. Exemptions

28 A. The following persons are exempt from the provisions of this  
29 chapter when engaged in the regular course of their respective businesses but  
30 shall comply with the requirements of section 32-1051, paragraphs 2 through  
31 7 and section 32-1055, subsection C and subsection D, paragraphs 1, 2, 3 and  
32 5:

33 1. Attorneys-at-law.

34 2. A person regularly employed on a regular wage or salary in the  
35 capacity of credit person or a similar capacity, except as an independent  
36 contractor.

37 3. Banks, including trust departments of a bank, fiduciaries and  
38 financing and lending institutions.

39 4. Common carriers.

40 5. Title insurers, title insurance agents and abstract companies while  
41 doing an escrow business.

42 6. Licensed real estate brokers.

43 7. Employees of licensees under this chapter.

44 8. Substation payment offices employed by or serving as independent  
45 contractors or public utilities.

1           9. A person licensed pursuant to title 6, chapter 7.

2           10. A person licensed pursuant to title 6, chapter 9.

3           11. A person licensed pursuant to title 6, chapter 14, article 1.

4           12. A participant in a finance transaction in which a lender receives  
5 the right to collect commercial claims due the borrower by assignment, by  
6 purchase or by the taking of a security interest in those commercial claims.

7           13. An accounting, bookkeeping or billing service provider that  
8 complies with all of the following:

9           (a) Does not accept accounts that are contractually past due at the  
10 time of receipt.

11           (b) Does not initiate any contact with individual debtors except for  
12 the initial written notice of the amount owing and one written follow-up  
13 notice.

14           (c) Does not give or send to any debtor a written communication that  
15 requests or demands payment.

16           (d) Does not receive or have access to monies paid by debtors or their  
17 insurers.

18           (e) All communications with the debtors are done in the name of the  
19 creditor.

20           14. A person collecting claims owed, due or asserted to be owed or due  
21 to a financial institution the deposits of which are insured by an agency of  
22 the federal government, or any affiliate of the financial institution, if the  
23 person is related by common ownership or affiliated by corporate control with  
24 the financial institution and collects the claims only for the financial  
25 institution or any affiliate of the financial institution.

26           15. A person who is licensed pursuant to title 20, chapter 2, article  
27 3, 3.1, 3.2, 3.3 OR 3.4 and who is authorized to collect premiums under an  
28 insurance policy financed by a premium finance agreement as defined in  
29 section 6-1401.

30           B. For the purposes of subsection A, paragraph 12 of this section:

31           1. A transaction shall not be deemed a finance transaction if the  
32 primary purpose is to facilitate the collection of claims.

33           2. "Commercial claim" does not include an account arising from the  
34 purchase of a service or product intended for personal, family or household  
35 use.

36           C. For the purposes of subsection A, paragraph 13, subdivision (b) of  
37 this section, the initial written notice and follow-up notice may contain  
38 only the following information:

39           1. The name, address, telephone and telefacsimile numbers of the  
40 creditor.

41           2. The amount due and an itemization of that amount.

42           3. The date payment is due.

43           4. The address or place where payment is to be made.

44           5. If the payment is past due, that payment is past due.

1 D. For a person who is exempt under subsection A, paragraph 14 of this  
2 section, the superintendent shall investigate complaints of residents of this  
3 state relating to any violations of section 32-1051, paragraphs 2 through  
4 7 or section 32-1055, subsection C or subsection D, paragraph 1, 2, 3 or 5  
5 and may examine the books, accounts, claims and files of a person that relate  
6 to the complaint. A person who is exempt and who violates the provisions of  
7 section 32-1051, paragraphs 2 through 7 or section 32-1055, subsection C or  
8 subsection D, paragraph 1, 2, 3 or 5 is subject to the provisions of  
9 sections 6-132, 6-136 and 6-137.

10 Sec. 42. Section 41-624, Arizona Revised Statutes, is amended to read:

11 41-624. Definitions; commissions on sales of insurance to the  
12 state; violations; classification

13 A. In this section, unless the context otherwise requires:

14 1. "Bidder" or "offeror" means a person who has submitted a bid or  
15 proposal for the sale of insurance to the state in response to a request for  
16 a proposal from the department of administration.

17 2. "Commissions" means any contingent commission, excess profits  
18 commission or other commission that may be based upon losses or experience  
19 or other compensation which a successful contractor for the sale of insurance  
20 to the state may be eligible to receive from insurance carriers or  
21 underwriters.

22 3. "Solicitation" means all documents whether attached or incorporated  
23 by reference which are utilized for soliciting bids or proposals.

24 B. Only a contractor or persons who have performed actual services for  
25 a contractor in connection with a bid shall be eligible to receive directly  
26 or indirectly any commissions.

27 C. A contractor may pay commissions directly or indirectly only to  
28 persons who have performed actual services for the contractor in connection  
29 with the solicitation.

30 D. Any contractor who pays commissions in violation of subsection C  
31 of this section or any person who receives commissions in violation of  
32 subsection B of this section shall be subject to the following penalties:

33 1. The contractor or the person who receives commissions, or both,  
34 shall be guilty of a class 2 misdemeanor.

35 2. The contractor or the person who receives the commissions, or both,  
36 shall be liable under section ~~20-316~~ 20-295 for suspension, revocation or  
37 denial of renewal of any licenses issued under title 20, chapter 2, article  
38 3, 3.1, 3.2, 3.3 OR 3.4.

39 3. The contractor and the person who receives commissions shall be  
40 jointly and severally liable to the state for the amount of the commissions  
41 paid in violation of subsection B or C of this section.

42 4. The contractor and the person who receives the commissions shall  
43 be jointly and severally liable to competing bidders or offerors under the  
44 same solicitation for the amount of the commissions paid in violation of  
45 subsection B or C of this section as well as for reasonable attorney's fees

1 of the competing bidders or offerors in recovering the penalty. Where there  
2 is more than one competing bidder or offeror, the contractor and the person  
3 who receives commissions shall be subject only to one liability under this  
4 subsection and the competitors who have joined in or intervened before  
5 judgment in the first action under this subsection to proceed to final  
6 judgment shall be entitled to equal shares in the penalty recovered.

7       Sec. 43. Agents and brokers; current licenses

8       A. Except for bail bond agents, title agents, rental car agents and  
9 managing general agents, a person who holds a valid license as an agent on  
10 October 1, 2001 is deemed to hold a license as an insurance producer for the  
11 same lines of authority for which the person is licensed as an agent.

12       B. Except for surplus lines brokers and Mexican insurance surplus  
13 lines brokers, a person who holds a valid license as a broker on October 1,  
14 2001 is deemed to hold a license as an insurance producer for the property  
15 and casualty lines of insurance.

16       C. Any service representative license that is in force on October 1,  
17 2001 expires on that date.

18       D. From and after September 30, 2001, a bond is not required of any  
19 broker, surplus lines broker or Mexican insurance surplus lines broker in  
20 conjunction with obtaining or retaining that broker license.

21       Sec. 44. Conforming legislation

22       The legislative council staff shall prepare proposed legislation  
23 conforming the Arizona Revised Statutes to the provisions of this act for  
24 consideration in the forty-fifth legislature, second regular session.

25       Sec. 45. Effective date

26       This act is effective from and after September 30, 2001.

APPROVED BY THE GOVERNOR APRIL 20, 2001.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 23, 2001.



Passed the House April 17, 20 01,

by the following vote: 54 Ayes,

0 Nays, 6 Not Voting

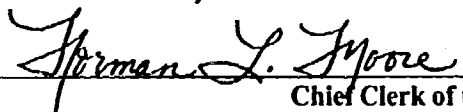
Passed the Senate February 26, 20 01,

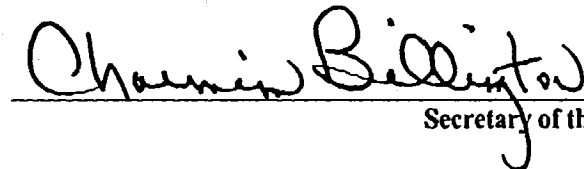
by the following vote: 30 Ayes,

0 Nays, 0 Not Voting

  
Speaker of the House

  
President of the Senate

  
Chief Clerk of the House

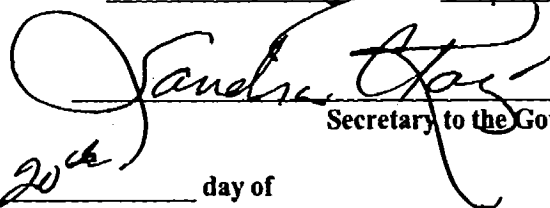
  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this

18 day of April, 2001,


at 10:08 o'clock A M.

  
Secretary to the Governor

Approved this 20<sup>th</sup> day of

April, 2001,

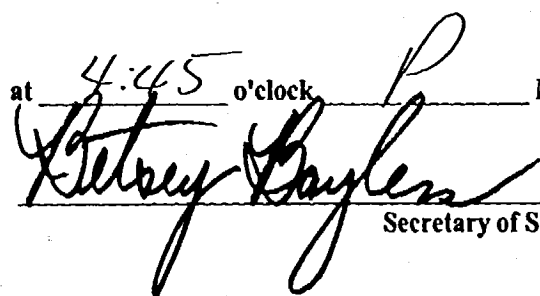
at 6:31 o'clock P M.

  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 23 day of April, 2001,

at 4:45 o'clock P M.  
  
Secretary of State

S.B. 1366